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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

CAPITAL COVE BANCORP LLC;
CHRISTOPHER M. LEE aka RASHID
K. KHALFANI,

Defendants

Case No. CV15-00980-JLS(JCx)

**MOTION TO: (1) APPROVE
RECEIVER'S FINAL REPORT AND
ACCOUNT; (2) APPROVE FINAL
DISTRIBUTION PLAN; (3)
ABANDON PROPERTY; (4) CLOSE
THE RECEIVERSHIP; (5)
DISCHARGE THE RECEIVER; AND
(6) AUTHORIZE STORAGE AND
DESTRUCTION OF RECEIVERSHIP
RECORDS; DECLARATION OF
ROBERT P. MOSIER**

**[PROPOSED ORDER FILED
CONCURRENTLY HEREWITH]**

Date: April 13, 2018

Time: 2:30 p.m.

Dept. 10 A

Place: Southern Division

411 West Fourth Street

Room 1053

Santa Ana, CA 92701-4516

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<i>U.S. Commodity Futures Trading Comm’n v. PrivateFX Glob. One</i> , (2011) 778 F. Supp. 2d 775	21

1 Robert P. Mosier, the Permanent Receiver (the "Receiver") of Capital Cove
2 Bancorp LLC and its affiliates and subsidiaries ("Capital Cove"), will and does
3 hereby move the Court for an order for the following relief to: (1) Approve Final
4 Report and Account; (2) Approve Final Distribution Plan; (3) Abandon Property; (4)
5 Close the Receivership; (5) Discharge the Receiver; and (6) Authorize Storage and
6 Destruction of Receivership Records and Miscellaneous Property ("Receivership
7 Closing Motion") as follows:

8 1. Approving the Receiver's Final Report and Accounting, a copy of
9 which is attached hereto as Exhibit "1." The Receiver's completed Standardized
10 Fund Accounting Report is attached hereto as Exhibit "2." The Receiver requests a
11 finding that all actions and activities taken by or on behalf of the Receiver and all
12 payments made by the Receiver in connection with the administration of the
13 Receivership Estate are confirmed and approved.

14 2. Approving the Receiver's Distribution Plan and authorizing the
15 Receiver to distribute all assets of the Receivership Estate in the following priority:
16 (a) pay all allowed administrative expenses and approved fees and expenses of his
17 professionals as a first priority payment of assets from the Estate; (b) make a final
18 distribution of all remaining assets of the Receivership estimated to be in the total
19 amount of \$2,413,291 to the allowed administrative claims, secured claims, and
20 claims of Investors based on the constructive trust imposed pursuant to prior order,
21 as set forth in the Receiver's proposed distribution plan attached hereto Exhibit "3";
22 and (c) subordinate payment of all other claims against the estate, including pre-
23 receivership claims of taxing agencies and pre-receivership claims of general
24 unsecured creditors, to the allowed investor claims and make no distribution thereon
25 until after payment in full of all estate administrative expenses and allowed Investor
26 claims.

1 3. Authorizing the Receiver to turn over to the California Department of
2 Financial Services Bureau of Unclaimed Property those distributions to claimants
3 which are not negotiated within sixty (60) days of the date of issuance of the check
4 or are otherwise deemed void, and any other surplus funds. As to those funds to be
5 turned over to the California Department of Financial Services, to the extent
6 possible, the Receiver proposes to remit those funds in the name of the party to
7 whom the distributions were due so that those persons, or their heirs or successors,
8 may claim those funds in the future;

9 4. Authorizing abandonment of the remaining nominal assets, whether
10 known or unknown, including but not limited to 5 unidentified lots of real property
11 in the states of Hawaii, Colorado, Oregon, California and Arkansas which were
12 never specifically identified by Rashid Khalfani.

13 6. Authorizing the Receiver to take all steps necessary or appropriate to
14 complete the administration of the Receivership and its assets in accordance with the
15 relief granted in this Receivership Closing Motion;

16 7. Authorizing the Receiver to retain the books and records necessary to
17 support the tax returns filed by the Receiver for a period of five (5) years and to
18 thereafter destroy those books and records.

19 8. Authorizing the Receiver to destroy, or otherwise dispose of, all books,
20 records, computer equipment, other computer related-devices, and other items related
21 to the Receivership in the Receiver's discretion and at such time as he deems proper
22 (other than those necessary to support the tax returns filed by the Receiver as set
23 forth above) if within thirty (30) days after written notice to the SEC, the SEC does
24 not take custody of such records and other items;

25 9. Discharging the Receiver and his agents, employees, members, officers,
26 independent contractors, attorneys, representatives, predecessors, successors and
27 assignees, and relieving the Receiver and his agents, employees, members, officers,
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1 independent contractors, attorneys, accountants, representatives, predecessors,
2 successors, and assignees of all duties, liabilities and responsibilities pertaining to the
3 Receivership previously established in this action effective upon the Receiver filing a
4 Closing Declaration in which he attests that he has completed the final distribution as
5 specified herein, filed the final necessary tax returns, and paid the final fees and costs
6 of the Receivership. The Receiver requests an order that he and his agents,
7 employees, members, officers, independent contractors, attorneys, accountants,
8 representatives, predecessors, successors, and assignees are: (i) discharged; (ii)
9 released from all claims and liabilities arising out of and/or pertaining to the
10 Receivership herein; and (iii) relieved of all duties and responsibilities pertaining to
11 the Receivership previously established in this action.

12 10. Enjoining all persons from commencing or prosecuting, without leave of
13 this Court, any action against the Receiver or his agents in connection with or arising
14 out of the Receiver's or his agents' services to this Court in this Receivership. Neither
15 the Receiver nor any agent, employee, member, officer, independent contractor,
16 attorney or representative of the Receiver shall have any liability to any person or
17 entity for any action taken in good faith in connection with carrying out the
18 Receiver's administration of this Receivership Estate;

19 11. Retaining jurisdiction over any and all matters relating to the Receiver
20 and the Receivership Estate, including any matters relating to the distribution of
21 funds received by the Receiver in connection with his obligations as Receiver or
22 otherwise received after the Receivership is closed, and to the extent any dispute
23 arises concerning the Receiver's administration of the Receivership Estate or to the
24 extent any person or entity seeks to pursue or assert any claim or action against the
25 Receiver or any agent, employee, member, officer, independent contractor, attorney
26 or representative of the Receiver, arising out of or related to this Receivership, the
27 Court shall retain jurisdiction to hear and resolve any such dispute or claim. The
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1 Court shall expressly retain jurisdiction for the purpose of (a) implementing and
 2 enforcing the provisions of the order on the Receivership Closing Motion, including
 3 but not limited to for the purpose of enforcing the above injunctive relief; and (b)
 4 reopening the case to administer any subsequently obtained assets;

5 12. Closing this Receivership without further order from this Court effective
 6 upon the Receiver filing a Closing Declaration in which the Receiver attests that he
 7 has completed the final distribution as specified herein, has received final tax
 8 clearance (after what could be an 18 month delay by the IRS), and paid the final fees
 9 and costs of the Receivership.

10 **MEMORANDUM IN SUPPORT OF RECEIVERSHIP CLOSING MOTION**

11 **I. FACTUAL BACKGROUND**

12 **Procedural History**

13 On June 18, 2015, the SEC brought this action to halt the alleged ongoing
 14 fraud perpetrated by Capital Cove and Rashid Khalfani, and the Receiver was
 15 appointed temporary receiver on June 18, 2015 and then permanent receiver on
 16 September 1, 2015 over Capital Cove Bancorp LLC and its affiliates and
 17 subsidiaries, including but not limited to: Capital Cove International, Inc., Capital
 18 Cove Asset Management, Inc., Capital Cove Financial, Capital Cove Asset
 19 Management, Capital Cove Real Estate, Capital Cove Real Estate Advisors, Capital
 20 Cove Realty Group, Capital Cove REO Opportunities Fund LLC, Capital Cove REO
 21 Opportunities Fund II, Capital Cove REO Opportunities Fund III, Capital Cove REO
 22 Opportunities Fund IV, REO Multi Asset Fund Holdings Inc., Capital Cove
 23 Investment Management, Inc., Capital Cove Advisory, Capital Cove Financial
 24 Advisory Services LLC, Rittenhouse Square Trust LLC, Rittenhouse Square
 25 Advisory LLC, Aspyration Capital Advisors Inc., Aspyration Financial Group, Inc.,
 26 Nepenthe Capital Management Inc., Diversified Realty and Financial Services Inc.,
 27 and Nepenthe Capital (collectively, "Capital Cove").
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1 On August 15, 2015, the Court approved the Receiver's Motion to Approve
2 Employment of Diamond McCarthy LLP as General Counsel, Mosier & Company,
3 Inc. as Forensic Accountants and Law Offices of Kirk S. Rense as Special Counsel
4 [Docket No. 87]. On March 16, 2017, the Court approved the employment of
5 LoBuglio & Sigman as tax accountants. [Docket No. 462].

6 On October 14, 2015, the Court entered its Amended Order Establishing
7 Claims Bar Date, Approving Form and Manner of Notice, Approving Proof of Claim
8 Form and Summary Procedures, Staying Post-Receivership Interest, and Establishing
9 the Net Investment Method for Fixing Investor Claims [Docket No. 169] (the "Bar
10 Date Order"). Pursuant to the Bar Date Order, the Court established a deadline for
11 the filing of claims of January 15, 2016. The Court established the following
12 parameter, among others, for the filing of claims in this case: "Election for Secured
13 Claims. Claimants holding a lien, trust deed or other security interest against any
14 property or collateral of the estate were to make a selection as to whether they
15 wanted their claim treated either as: (i) a secured claim and therefore would accept
16 the collateral or proceeds of the sale of the collateral, if any, as full satisfaction of the
17 claim; or (ii) an unsecured claim and therefore would waive and release the security
18 interest and have an allowed unsecured claim." Only one creditor made the election
19 to have its claim treated as a secured claim – Mosqueda. Mosqueda has now
20 requested to amend his claim from secured to unsecured, which the Receiver
21 approves subject to the Court's approval.

22 The Receiver sent an additional notice of a claims bar date to the taxing
23 authorities that he determined had not received notice of the original claims bar date,
24 providing them with an additional 90 days to submit a proof of claim (the "Tax
25 Claims Bar Date"). The Tax Claims Bar Date was confirmed by the Court by Order
26 entered on January 24, 2017, and the Tax Claims Bar Date ran on December 19,
27 2016 [Docket No. 451]. No tax claims were timely submitted. However, the
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1 Employment Development Department (“EDD”) submitted a Statement of Account
2 to the Receiver reflecting an amount owed of \$300,247.42, and the Franchise Tax
3 Board (“FTB”) submitted a Notice of Proposed Assessment on December 16, 2016,
4 reflecting an amount owing of \$11,797.07. The IRS filed an untimely proof of claim
5 for \$4,680 on January 22, 2018, which has been disallowed by the Receiver as
6 untimely. No proof of claim or other statement was submitted by the Internal
7 Revenue Service.

8 **Activities of Receivership**

9
10 The Receiver has reported regularly to the Court on his progress and
11 activities in the case. On June 29, 2015, the Receiver filed his Report on the
12 Operational and Financial Aspects of Capital Cove [Docket No. 35] (the “Report”),
13 which set forth his very initial findings in the case. On June 30, 2015, Receiver filed
14 his First Supplement to his Report [Docket No. 37]. On July 21 2015, Receiver filed
15 his Second Supplement his Report [Docket No. 48]. On August 19, 2015, the
16 Receiver filed his Third Supplement to his Report [Docket No. 85]. On December
17 31, 2015, the Receiver filed his Second Report on the Operational and Financial
18 Aspects of Capital Cove [Docket No. 229] (“Second Report”). On April 27, 2016,
19 the Receiver filed his Third Report Through March 31, 2016 on the Operational and
20 Financial Aspects of Capital Cove [Docket No. 327], and a Fourth Report was filed
21 on November 29, 2016 [Docket No. 438]. Each of the Receiver’s reports and
22 supplements has provided an overview of the fraud he has uncovered. The Receiver
23 requests that the Court take judicial notice of the First, Second , Third and Fourth
24 Reports.

25 1. This case has involved the unwinding of a Ponzi scheme of significant
26 magnitude. The so-called investment program lured in more than 70 victims. Proofs
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1 of claim for investors and unsecured creditors were submitted to the Receiver in an
2 amount of approximately \$17 million.

3 2. On August 31, 2016, the Court entered its Order Granting the SEC's
4 Motion for Summary Judgment against Rashid K. Khalfani finding, among other
5 things, that Khalfani engaged in securities violations and imposing a permanent
6 injunction against Khalfani [Docket No. 407].

7 3. The only assets left at the time the SEC shut down the business were the
8 real properties which Capital Cove had not yet sold. Those properties were
9 encumbered by numerous and substantial liens, leaving little to no equity in the
10 properties. At the time of the appointment of the Receiver, those properties were
11 heavily encumbered, leaving only nominal value, if any at all, available for creditors.
12 The recoveries available in this case are solely attributable to the work of the
13 Receiver and his professionals who negotiated with junior lienholders, commenced
14 and resolved litigation, and were able to clear off a substantial number of liens from
15 the properties which generated equity for the benefit of the investors.

16 4. Brought on a contingency basis to eliminate the burden to the estate of
17 hourly fees in the event of loss, the Receiver commenced three lawsuits against the
18 hard money lenders seeking to avoid those liens which are identified as: Mosier v.
19 Creative Asset Management, et al. (Case No. 15-01851); Mosier v. Center Street
20 Lending et al. (Case No. 15-01852); and Mosier v. Norkat et al. (Case No. 15-01850)

21 5. The Receiver settled all three of those lawsuits and cleared the liens off
22 the net sales proceeds from the sale of the properties, which has been the primary
23 source of income for the receivership estate. As a result of the Receiver's efforts in
24 reaching settlements with the junior lienholders and settlements with the three hard
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1 money lenders,¹ the Receiver was able to realize some equity in the properties and to
2 create the pool of funds now available to pay investors.

3 6. The Receiver also filed one other lawsuit seeking to avoid and recover
4 the allegedly fraudulent transfer of the property located at 228 Pomello Dr.,
5 Claremont California (the “Pomello Property”), entitled Mosier v. Lee et al. (Case
6 No. 15–02110). Judgment was entered on January 11, 2017, avoiding and recovering
7 the Pomello Property for the benefit of the estate, among other things. The Pomello
8 Property had been transferred by Khalfani signing a grant deed on behalf of Capital
9 Cove to a trust in which Khalfani is a co-trustee. The Judgment required the
10 defendants to turnover the Pomello Property to the Receiver by January 25, 2017,
11 which they did not do. The Receiver subsequently obtained an order finding Mr.
12 Khalfani in contempt and ordering him to pay \$70,524.88 to the Receiver. Mr.
13 Khalfani has refused to pay the contempt amount. The Receiver also sold the
14 Pomello Property at public auction which generated additional funds for the estate.

15 **The Settlement Agreements and Undisputed Claims with Investors**

16 7. The Receiver settled with a number of investors who held security interests
17 in property of the estate. The settlements provided for the release of liens in
18 exchange for the allowance of claims so that the Receiver could proceed to sell the
19 real properties and net some funds for the unsecured investors as well. Depending on
20 how much equity was in the properties to secure given liens, the settlements reached
21 with these investors provided for allowance of unsecured claims, or in some
22 instances, unsecured claims along with a percentage of equity on a secured basis,
23

24 _____
25 ¹ The court-approved settlement with the Center Street defendants netted the estate \$1.4 million
26 and resulted in the waiver of several million dollars of claims. Settlements with Norkat Financial
27 Inc. and Creative Asset Management, LLC also resulted in the freeing up of sales proceeds to
28 which liens were attached and also obtained a waiver of hundreds thousands of dollars of claims
that were filed against the estate.

1 where the amount ultimately paid on a secured basis would serve to reduce the
2 amount of the unsecured claim.

3 8. As a result of the Receiver's settlement efforts and the cooperation of the
4 investors, the Receiver was able to remove liens from the properties, sell them, and
5 net funds for the benefit of all investors. As part of his Distribution Plan, the
6 Receiver proposes to pay those investors who retained a secured interest in certain
7 properties based upon their equity positions and to fix the amount of their remaining
8 unsecured claims.

9 9. The Receiver has entered into the following Settlement Agreements with
10 investors that resulted in the retention of a secured interest in sales proceeds arising
11 from the sale of the particular property against which they held a lien and has
12 calculated the amount of their remaining unsecured claims.

13 **Gary Bartley:** The Receiver's Settlement Agreement with Gary Bartley was
14 approved by Order entered on December 28, 2015 [Docket No. 211]. The Bartley
15 Agreement provided that Bartley would be allowed a general unsecured claim of
16 \$208,000 and that, of that amount he would be paid on a secured basis, the following
17 amounts from the following properties:

18 Allowed Unsecured Claim Before Payment:	\$280,000.00
19 Agreed Secured Claim:	
20 15% of net proceeds on 2979 Birch St.	\$ 7,247.00
21 15% of net proceeds on 1208 Hollencrest	\$ 0
22 Amount Previously Paid as Secured Claim	\$ 0
23 Amount of Secured Claim to be Paid	\$ 7,247.00
Balance of Allowed Unsecured Claim	\$272,753.00

24 **Jorge Martinez and Portovelo Management:** The Receiver's Settlement
25 Agreement with Jorge Martinez and Portovelo Management LLC was approved by
26 Order entered on September 30, 2016 [Docket No. 149]. The Martinez Agreement
27 provided that Martinez would be allowed a general unsecured claim of
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1 \$1,978,800.00 and that, of the amount he would be paid on a secured basis, the
2 following amounts from the following properties:

3	Allowed Unsecured Claim:	\$1,978,800.00
4	Agreed Secured Claim:	
	50% of net proceeds on 1539 Pumalo	\$ 243,458.00
5	50% of net proceeds on 1447 Pumalo	\$ 39,497.00
6	Amount Previously Paid as Secured Claim	\$ 39,497.00
7	Amount to Be Paid as Secured Claim	\$ 243,458.00
	Balance of Allowed Unsecured Claim	\$1,695,845.00

8
9 **Gary Winings:** The Receiver entered into two Settlement Agreements with
10 Gary Winings as set forth below. The Winings Agreement provided that Winings
11 would be allowed general unsecured claims of \$400,000.00 and \$150,000.00 and
12 that, of the amount he would be paid on a secured basis, the following amounts from
13 the following properties:

14	Claim 1 [Settlement Approved at Docket No. 185 entered 11/19/15]	
	Allowed Claim:	\$400,000.00
15	Agreed Secured Claim:	
16	1452 2 nd St., Simi Valley	\$150,000.00
	864 20 th St., San Bernardino	\$ 50,000.00
17	50% of net proceeds on 842 Sheffield	\$ 0
18	Amount Previously Paid as Secured Claim	\$200,000.00
	Amount of Secured Claim to be Paid	<u>\$0</u>
19	Balance of Allowed Unsecured Claim	\$200,000.00

20	Claim 2 [Settlement Approved at Docket No. 314 on 4/7/16]	
21	Allowed Claim:	\$150,000.00
22	Agreed Secured Claim:	
23	25% of net proceeds on Camino Sierra	\$0
	Amount Previously Paid as Secured Claim	\$0
24	Amount to Be Paid as Secured Claim	<u>\$0</u>
25	Balance of Allowed Unsecured Claim	\$150,000.00

26 **Billy Ray Pitt Jr.:** The Receiver's Settlement Agreement with Billy Ray Pitt
27 Jr. was approved by Order entered on December 28, 2015 [Docket No. 211]. The Pitt
28

1 Jr. Agreement provided that Pitt Jr. would be allowed a general unsecured claim of
2 \$221,750.00 and that, of the amount he would be paid on a secured basis, the
3 following amounts from the following properties:

4	Amount of Allowed Unsecured Claim	\$221,750.00
5	Agreed Secured Claim:	
	15% of net proceeds on 9565 Del Mar	\$0
6	Amount Paid as Secured Claim	\$0
7	Amount to Be Paid as Secured Claim	<u>\$0</u>
8	Balance of Allowed Unsecured Claim	\$221,750.00

9 **Divine Prosperity LLC:** The Receiver's Settlement Agreement with Divine
10 Prosperity was approved by Order entered on September 30, 2015 [Docket No. 149].
11 The Divine Agreement provided that Divine would be allowed a general unsecured
12 claim of \$148,100 and that, of the amount it would be paid on a secured basis, the
13 following amounts from the following properties:

14	Allowed Claim:	\$148,100.00
15	Agreed Secured Claim:	
	50% of net proceeds on 7830 Elden	\$ 40,516.00
16	40% of net proceeds on 864 W. 20th St.	\$ 26,931.00
17	Flat payment on Pumalo properties	\$ 5,000.00
	Amount Previously Paid as Secured Claim	\$ 72,447.00
18	Amount to Be Paid as Secured Claim	<u>\$0</u>
19	Balance of Allowed Unsecured Claim	\$ 75,653.00

20 **Roger Roberts aka Roger Hollins:** The Receiver's Settlement Agreement
21 with Roger Roberts was approved by Order entered on April 7, 2016 [Docket No.
22 314]. The Roberts Agreement provided that Roberts would be allowed a general
23 unsecured claim of \$124,596.00 and that, of that amount he would be paid on a
24 secured basis, the following amounts from the following properties:

25	Amount of Allowed Unsecured Claim	\$ 124,596.00
26	Agreed Secured Claim:	
27	Up to 50% of net proceeds on Camino Sierra	\$0
28	Amount Paid as Secured Claim	\$0

Amount to Be Paid as Secured Claim	\$0
Balance of Allowed Unsecured Claim	\$ 124,596.00

Mosqueda: Roman P. Mosqueda and Ryan Christopher Mosqueda submitted an Amended Proof of Claim Form on March 29, 2016, in which they elected to accept the remaining equity in their collateral in full satisfaction of their claim. However, Mosqueda subsequently requested to further amend the claim to request payment as an unsecured claimant. The Receiver does not oppose this request and asks that the Court approve the seconded amended Mosqueda claim in the amount of \$186,957.50 as a general unsecured claim. Mosqueda would not have received any distribution as a secured creditor.

Fellows: Investor Fellows held two deeds of trust on properties of the estate and he was paid at the time of the sale of those properties the principal amount of his claim less prior distributions made to him. His claim has been satisfied in full and there are no remaining amounts to be paid.

Allowed Unsecured Claim:	\$0
Amount Paid as Secured Claim	
2979 W. Birch	\$136,875.00
600 Central Ave. #363	\$100,000.00
Balance of Allowed Unsecured Claim	\$0

Green: Investor Green held a valid deed of trust and was paid at the time of the sale of those properties the principal amount of his claim less prior distributions made to him. His claim has been satisfied in full and there are no remaining amounts to be paid.

Allowed Unsecured Claim:	\$0
Amount Paid as Secured Claim	
1200 Wilmington	\$49,375
Balance of Allowed Unsecured Claim	\$0

1 **LaTorre:** Investor LaTorre held a valid deed of trust and was paid in full at
2 the time of the sale of his collateral. His claim has been satisfied in full and there are
3 no remaining amounts to be paid.

4	Allowed Unsecured Claim:	\$0
5	Amount Paid as Secured Claim	
6	2208 Gregory Ave.	\$97,795.00
7	Balance of Allowed Unsecured Claim	\$0

7 **The Settlement Agreements with Hard Money Lenders**

8 10. Many of the properties referenced above were subject to senior secured
9 liens held by the hard money lenders who loaned Capital Cove much of the money
10 used to purchase the properties. Although many of the investors were promised
11 senior secured positions, they in fact received junior liens against the properties.

12 11. The Receiver commenced three lawsuits on a contingency basis as
13 detailed above to avoid the liens of the hard money lenders that were placed against
14 most of the properties on a fraudulent transfer theory. The Receiver settled all three
15 of those lawsuits and as a result cleared the liens off the net sales proceeds from the
16 sale of the properties. This was the primary source of income for the receivership
17 estate. The settlements each provided that the lenders would be paid a portion of their
18 claims in cash from the sales proceeds, and their liens would otherwise be removed
19 from the sales proceeds.

20 12. The Center Street settlement netted the estate \$1.4 million of funds that
21 were freed up to pay to investors and also resulted in the waiver of several million
22 dollars of claims asserted by Center Street. Additionally, the estate received the
23 benefit of the Center Street liens that were assigned to the estate as a result of the
24 settlement. See Paragraph 6 of the Center Street Settlement Agreement approved by
25 order entered on August 31, 2016 [Docket No. 405].

26 13. Settlements with Norkat Financial Inc. and Creative Asset Management,
27 LLC also resulted in the freeing up of sales proceeds to which liens were attached
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1 and also obtained a waiver of hundreds of thousands of dollars of claims that were
2 filed against the estate. [See Docket Nos. 440 and 463]. As a result of the Receiver's
3 efforts in reaching settlements with the junior lienholders and settlements with the
4 three hard money lenders, the Receiver has been able to create the pool of funds now
5 available to pay creditors.

6 14. The settlements with the hard money lenders impacted the amounts
7 available to the secured investor claims set forth herein to the extent that the lenders
8 held senior lien positions. The settlements freed up equity in the properties for the
9 junior lienholders as well as for the unsecured investor pool. The Receiver spread the
10 amount of the hard money lenders' remaining lien amounts following settlement on a
11 pro rata basis against each of the properties in which the lenders respectively held a
12 secured interest. An accounting of the disposition of the sales proceeds on all of the
13 properties of the estate reflecting the manner in which the settlement sums were
14 applied on a property by property basis is attached hereto as Exhibit "4" (the
15 "Accounting"). The Accounting reflects the amount of the Center Street liens that
16 were assigned to the Receiver as of August 31, 2016, the date of Court approval of
17 the settlement, including interest and other charges as of that date as reported by
18 Center Street. The Accounting further reflects a pro rata distribution of the settlement
19 amounts paid to Norkat and Creative Asset Management based upon the original
20 loan amounts of those transactions.

21 15. The settlement amounts owed to the Secured Investors in junior positions
22 were calculated based upon the amount of remaining equity in the properties. This
23 calculation resulted in the amounts proposed to be paid herein to each of the
24 investors holding secured interests in the sales proceeds pursuant to their settlement
25 agreements and claims.

26 **Constructive Trust Ruling**

27 16. The Receiver concluded that assets of the Receivership Entities as of the
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1 commencement of the receivership should be deemed assets held in constructive trust
2 for the benefit of the investors in the Receivership Entities. The Receiver obtained a
3 determination from the Court that those assets constitute constructive trust assets
4 held for the benefit of the Receivership Entities/investors and that as a result the
5 funds held in the Receivership Estate, after payment of estate administrative
6 expenses, should be distributed to the defrauded investors on their allowed claims.
7 *See* Order Granting Receiver's Motion for Order (1) Establishing Constructive Trust;
8 and (2) Approving Bar Date Notice for Taxing Agencies entered on March 16, 2017
9 [Docket No. 460].

10 **Receiver's Proposed Closing of the Receivership and Related Relief**

11 17. The Receiver has filed a final consolidated tax return for the Receivership
12 Entities based on the finding of a constructive trust, and will retain the records
13 necessary to support those returns. Upon the completion of the Receiver's
14 distribution of estate assets under the approved Final Distribution Plan and other
15 administrative duties necessary or appropriate to wind up the estate, the Receiver
16 seeks an order formally discharging him as receiver. The Receiver will file a
17 Declaration with the Court confirming that the administrative tasks are completed
18 and the estate is closed and requests that the Court enter an order discharging him as
19 receiver upon receipt of that declaration. The Receiver notes, however, the final tax
20 clearance from the IRS could take 18 months, so there may be a delay in the filing of
21 a final Declaration to close the receivership. The Receiver is evaluating whether it is
22 appropriate to make an interim distribution to investors prior to receiving final tax
23 clearance, without jeopardizing the position of the estate or creating any personal
24 liability for the Receiver.
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1 **II. THE PROPOSED PLAN FOR FINAL DISTRIBUTION OF**
2 **RECEIVERSHIP ESTATE ASSETS SHOULD BE APPROVED**

3 The Receiver proposes the following distribution plan, subject to approval of
4 professional and administrative fees and costs which are the subject of a separate
5 fee application filed concurrently herewith. The Receiver is currently holding cash
6 on hand of approximately \$2.4 million. Applicable law supports the Court's
7 approval of the Receiver's plan for final distribution of the estate assets as
8 reasonable and appropriate under the circumstances

9 The Court's power over an equity receivership and to determine appropriate
10 procedures for administering a receivership is "extremely broad." *SEC v. Hardy*, 803
11 F.2d 1034, 1037 (9th Cir. 1986); *see SEC v. Basic Energy*, 273 F.3d 657, 668 (6th
12 Cir. 2001); *SEC v. Elliott*, 953 F.2d 1560, 1566 (11th Cir. 1992). The primary
13 purpose of an equity receivership is to promote the orderly and efficient
14 administration of the estate for the benefit of the creditors. *See Hardy*, 803 F.2d at
15 1038. The relief requested by the Receiver best serves this purpose. The Court has
16 wide latitude when it exercises its inherent equitable power to approve a plan of
17 distribution of receivership funds. *SEC v. Forex Asset Mgmt. LLC*, 242 F.3d 325, 331
18 (5th Cir. 2001) (affirming District Court's approval of plan of distribution because
19 court used its discretion in "a logical way to divide the money"); *Quilling v. Trade*
20 *Partners, Inc.*, 2007 WL 107669, * 1 (W.D. Mich. 2007) ("In ruling on a plan of
21 distribution, the standard is simply that the district court must use its discretion in a
22 logical way to divide the money" (internal quotations omitted)). In approving a plan
23 of distribution in a receivership, "the district court, acting as a court of equity, is
24 afforded the discretion to determine the most equitable remedy." *Forex*, 242 F.3d at
25 332. The Court may adopt any plan of distribution that is logical, fair, and
26 reasonable. *SEC v. Wang*, 944 F.2d 80, 83-84 (2d Cir. 1991); *Basic Energy*, 273 F.3d
27 at 671; *Quilling*, 2007 WL 107669 at *1.

1 The Receiver believes the proposed final distribution set forth below is logical,
2 fair, and reasonable. The expenses of administration of the receivership incurred for
3 the services of the Receiver and his professionals and those who provided goods,
4 services, and use of property to the Receiver post-receivership as part of the
5 administration of the estate are properly paid as a priority before distribution of the
6 receivership assets to creditors since the Receiver collected the assets of the
7 receivership estate. *FTC v. Crittenden*, 823 F. Supp. 699, 704 (CD Cal. 1993).

8 Courts in equity approve distribution plans that subordinate the noninvestor
9 claims to the allowed investor claims. As a matter of equity, courts have concluded
10 that returning funds traceable to the fraud back to the defrauded victims first is a
11 reasonable and equitable approach to distribution in a receivership case.

12 Additionally, this Court's Order Granting Receiver's Motion for Order: (1)
13 Establishing Constructive Trust; and (2) Approving Bar Date Notice for Taxing
14 Agencies [Docket No. 164] approves of and mandates such a result.

15
16 **A. Proposed Classes of Distribution**

17 **Class 1: Administrative Professional Fees**

18 There are actual and estimated remaining professional administrative
19 expenses of the estate of \$844,902.06. As detailed in the Receiver's Second and
20 Final Fee Application filed concurrently with this Motion, these sums include
21 estimated fees and expenses of the Receiver and his professionals necessary to
22 complete the administration of estate assets, distribute the remaining assets and
23 close the estate. However, only actual fees and expenses incurred not to exceed the
24 amounts requested will be paid. The Receiver seeks final approval of the amounts
25 previously paid to his professionals as well as additional amounts set forth in the fee
26 application filed concurrently herewith herein. The Receiver and his professionals
27 had agreed to a 30% holdback on their previously allowed fees which have not yet
28 been paid. The previously awarded amounts, the holdback amounts, and the

concurrently requested amounts through the close of this case are as follows:

Previous Fee Award and Holdbacks

The Receiver has already paid Court-approved professional fees and costs in the total amount of \$514,631.30 as follows:

Professional	Fees Paid	Expenses Paid	Holdback
Receiver	\$145,441.45	\$5,412.84	\$62,332.05
Mosier & Co	\$97,259.93		\$41,682.82
Mosier & Co. (litigation cost)	\$12,827.50		
Diamond McCarthy LLP ²	\$183,686.95	\$24,685.30	\$78,722.98
Brandlin & Associates	\$45,317.33		
Totals:	\$484,533.16	\$30,098.14	\$182,737.85

Current Fee Request

The accrued fees and costs of the professionals³ incurred during the reporting period of January 1, 2016 through the close of the case, are as follows:

Professional	Fees Incurred	Reserve	Costs	Total Requested
Receiver	\$129,077.61		\$3,737.67	\$132,815.28
Mosier & Company Inc.	\$144,655.50		\$0	\$144,655.50
Diamond McCarthy LLP	\$314,461.60	\$6,500 ⁴	\$28,756.70	\$349,718.30
LoBuglio & Sigman	\$29,623.05	\$5,000 ⁵	\$352.09	\$34,975.14
Total Requested	\$617,817.76		\$32,846.46	\$662,164.22

² Diamond McCarthy has also been paid contingency fees of \$805,623.68 and reimbursed costs in the contingency litigation of \$22,314.99 which were paid directly from the funds generated as a result of that litigation and which were approved by the Court.

³ Kirk S. Rense is not seeking allowance of fees or reimbursement of costs at this time.

⁴ In addition to these fees, Diamond McCarthy has requested that a reserve of \$6,500 be allocated to pay for any fees or costs actually incurred to close out the case.

⁵ In addition to these fees, LoBuglio & Sigman has requested that a reserve of \$5,000 be allocated to pay for any fees or costs actually incurred to close out the case.

Therefore, the total additional amounts to be paid to all professionals for fees, inclusive of prior holdbacks of \$182,737.85, is \$800,203.52, reimbursement of costs of \$32,846.46, and reserves of \$11,500, for a total of \$844,902.06 to be set aside for administrative fees.

Class 2: Investors' Secured Claims

As set forth above, the settlements entered into with secured investors have resulted in the following secured creditors remaining to be paid the following amounts:

Amounts to be Paid as Secured Claims on Settlements and Claims

Property	Claimant	Amount
2979 W. Birch	(Bartley 15% of net)	\$7,247.00
1208 Hollencrest	(Bartley 15% of net)	\$0
1539 Pumalo	(Martinez/Portovelo 50% of net)	\$243,458.00
842 Sheffield	(Winings 50% of net)	\$0
9564 Delmar	(Pitt Jr 15% of net)	\$0
215 Briar Creek	(Mosqueda, 100% of net) ⁶	\$0
Camino Sierra	(Roberts, 50% of net)	\$0
Miscellaneous	(Divine Prosperity, misc)	\$0

Class 3: Investor Unsecured Claims

The Receiver has resolved all objections to the 76 claims of Investors that were timely submitted. Those claims are identified by last name of claimant or name of company and the allowed amount of the claim in Exhibit "3" attached hereto. The allowed Investor Claims total \$10,703,877. This figure reflects a reduction of over \$6.5 million from the initially filed claims in the amount of approximately \$17,322,760 due to the work of the Receiver and his professionals in obtaining voluntary amendments of claims that were incorrectly filed and the

⁶ The Receiver seeks approval of Mosqueda's request to amend the claim to an unsecured claim as set forth herein, so no amounts will be paid to him on a secured basis.

1 objections to two claims which were filed and sustained by the Court.

2 The Receiver proposes to distribute the sum of \$1,317,684 to the Investor
3 Claims on a *pro rata* basis pursuant to the schedule set forth in Exhibit “3.”

4 In addition to the constructive trust finding in this case which warrants the
5 payment of the Investor Claims ahead of NonInvestor Claims, payment of the
6 Investor Claims in a higher priority than other types of creditors is appropriate in an
7 equitable proceeding of this nature.⁷ Specifically, in equity receiverships, courts
8 have approved distribution plans which give higher priority to defrauded investors
9 than to general unsecured creditors. In *CFTC v. Capital Street Financial, LLC*, the
10 court approved differing treatment for investors as compared to general creditors as
11 follows:

12 The Receivership Estate shall be distributed in the
13 following order:

14 A. To claims for expenses of the administration of the
15 Receivership Estate, including legal and accounting fees;
16 expenses to preserve the value of assets; and costs of
17 realization and payment of any taxes due on property or
18 income of property of the Receivership Estate incurred
19 during the pendency of the receivership (the
20 “Administrative Claimants”);

21 B. To the return of investments to Investors; and

22 C. To any General Creditors, should any assets remain in
23 the Receivership Estate.⁸

24 **Class 4: Tax Claims**

25 The Franchise Tax Board and the EDD have both agreed in writing to
26 subordinate their pre-receivership Tax Claims to payment in full to the investors.

27 ⁷ See, e.g., *Norwest Bank Wisc., N.A. v. Malachi Corp.*, 245 Fed. App’x 488, 495
(6th Cir. 2007).

28 ⁸ *CFTC v. Capital Street Financial, LLC*, 2010 U.S. Dist. LEXIS 75113, at *4
(W.D.N.C. June 18, 2010); see also *SEC v. HKW Trading LLC*, 2009 U.S. Dist.
LEXIS 77215 (M.D. Fla. Aug. 14, 2009) (“Payment to claimants whose property was
unlawfully taken from them is given a higher priority than payment to the general
creditors.”).

1 The IRS provided verbal confirmation of subordination of its claim but has not
2 provided a writing confirming the subordination. The Receiver has filed his final
3 tax returns and has requested a prompt assessment from the IRS. The Receiver
4 believes that no tax liability is due; however, he may not receive final word from
5 the IRS for 18 months or more. He is actively seeking confirmation of written
6 subordination and discharge of the Receiver, but will not be able to make a
7 distribution until he receives such confirmation or approval of his final tax returns.

8 **Class 5: Noninvestor Claims**

9 The claims of Noninvestors that were filed total \$449,241. These claims are
10 identified in Exhibit “3” attached hereto. As set forth above, the Receiver proposes
11 to pay the Noninvestor claims only following payment in full to the Investor
12 Claims, which is unlikely. Accordingly, no payment would be made on the
13 Noninvestor Claims at this time.

14 The Receiver’s proposed Final Distribution Plan is founded upon the Court’s
15 finding that the assets of the receivership estate are subject to a constructive trust in
16 favor of the Investors and that after payment of allowed administrative expenses,
17 the investor creditors are entitled to be paid their allowed claims before receivership
18 assets are distributed to pay claims of Noninvestor creditors. Accordingly, the
19 Receiver does not intend to make payment on the Noninvestor claims.

20 Courts in equity approve distribution plans that subordinate the Noninvestor
21 Claims to the allowed investor claims.⁹ As a matter of equity, courts have concluded
22

23 ⁹ See, e.g., *Quilling v. Trade Partners*, U.S. Dist. LEXIS 101381 (W.D. Mich. Dec. 1,
24 2006) (“In receivership proceedings arising out of securities fraud, the class of fraud
25 victims takes priority over the class of general creditors with respect to proceeds
26 traceable to the fraud.”); see also *SEC v. CapitalStreet*, 2010 U.S. Dist. LEXIS 75133
27 (approving plan that return investments to Investors, then to general creditors should
28 any assets remain in Receivership Estate); *SEC v. Harris*, 2016 U.S. Dist. LEXIS
51708 (N.D. Tex. April 18, 2016) (approving modified plan to pay 3 classes:
Qualified Professional Claims and Administrative Expenses; Defrauded Investors;
and General Creditors Prior to Inception of the Receivership); *U.S. Commodity*

(footnote continued...)

1 that returning funds traceable to the fraud back to the defrauded victims first is a
2 reasonable and equitable approach to distribution in a receivership.

3
4 **Summary of Plan**

5 With estimated estate assets available for distribution to investors of
6 \$1,317,684 and allowed Investor claims of \$10,087,599, under the Receiver's
7 proposed Final Distribution Plan, all remaining receivership assets would be
8 distributed *pro rata* to Investor claimants based on the proportion the specific
9 investor's allowed claim represents of the total allowed investor claims of
10 \$10,087,599. Attached hereto as Exhibit "3" is a summary of the Investor claims,
11 the pro rata percentage of each investor claim and the estimated distribution amount
12 based on the Receiver's estimate of the net assets available for distribution on the
13 investor claims. The Receiver estimates investors will receive a distribution of
14 13.062% of the amount of their allowed claims. Under the Final Distribution Plan,
15 there would be no assets distributed to Noninvestors, whose claims would be
16 subordinate to the claims of Investor creditors based on the Court's constructive
17 trust finding in favor of the Investor claimants.

18 The Receiver requests leave to make this final distribution in the amounts
19 specified on Exhibit "3," or as may be modified slightly depending on the funds
20 available for distribution. The Receiver anticipates making a partial interim
21 distribution within 30 days or so of the date of the order approving the Final
22 Distribution Plan, provided in his business judgment he believes distribution is
23 appropriate before final tax clearance is obtained. A final distribution will be made
24

25 (continued)

26 *Futures Trading Comm'n v. PrivateFX Glob. One*, 778 F. Supp. 2d 775, 786 (S.D.
27 Tex. 2011); *SEC v. HKW Trading LLC*, 2009 U.S. Dist. LEXIS 77215, 2009 WL
28 2499146, at *3 (M.D. Fla. Aug. 14, 2009) (citing Ralph Ewing Clark, *Treatise on the Law and Practice of Receivers* (3d ed. 1959)).

1 upon receipt of tax clearance from the IRS. The Receiver will mail checks to each
2 claimant holding an Allowed Claim by U.S. Mail. The Receiver proposes that all
3 distribution checks be required to be negotiated within sixty (60) days of the date of
4 issuance and that checks returned without a valid forwarding address or checks not
5 negotiated before the end of the sixty-day period be deemed void. In the event there
6 are checks not negotiated or deemed void, the Receiver requests the authority to turn
7 over those and any other surplus funds to the California Department of
8 Financial Services Bureau of Unclaimed Property.

9 **III. DESTRUCTION OF DOCUMENTS AND OTHER MISCELLANEOUS** 10 **PROPERTY**

11 In connection with this Receivership, the Receiver accumulated more than 50
12 boxes of documents and other materials, which are located in the Receiver's office
13 and the offices of the professionals he has retained to assist him in this matter.
14 Accordingly, the Receiver requests the authority to destroy, or otherwise dispose of,
15 all documents and other items relating to the Receivership, in the Receiver's
16 discretion and at such time as he deems proper if within thirty (30) days after written
17 notice to the Commission, the Commission does not take custody of such records or
18 items. The Receiver will hold all tax records that he is required to retain for the
19 requisite amount of time and then thereafter destroy them.

20 **IV. CLOSE RECEIVERSHIP AND DISCHARGE RECEIVER**

21 The Receiver has seized and liquidated all known Receivership assets. All
22 litigation involving the Receiver has been resolved. There are no remaining unpaid or
23 uncollected judgments with the exception of the Khalfani Sanction Order which the
24 Receiver may seek authority to sell for \$5,000 or more. Further, with the payment of
25 the accrued and final fees and costs of the Receivership and the final distribution to
26 claimants as requested herein and in the Second and Final Fee Application, all assets
27 of the Receivership will be subject to disbursement. As such, the Receiver will have
28

1 completed his responsibilities under the Order Appointing Receiver and respectfully
2 requests that the Court enter an order, in substantially the form of the proposed order
3 attached as Exhibit “6” that closes the Receivership and discharges the Receiver
4 without further order from this Court effective upon the Receiver filing a Closing
5 Declaration in which he attests that he has completed the final distribution as
6 specified herein, received final tax clearance, and paid the final fees and costs of the
7 Receivership. The Receiver requests the Court's order discharge him and his agents,
8 employees, members, officers, independent contractors, attorneys and representatives
9 and relieve the Receiver, his agents, employees, members, officers, independent
10 contractors, attorneys and representatives of all duties, liabilities, and responsibilities
11 pertaining to this Receivership.

12
13 **V. NOTICE OF MOTION IS APPROPRIATE**

14 The Receiver has provided notice of this Motion pursuant to Local Rule 66-7 and
15 requests an order finding that such notice is deemed sufficient if completed as
16 described as follows: At least 40 days prior to the hearing on the Motion, the
17 Receiver shall mail and/or email the form of Notice attached hereto as Exhibit “5” to
18 all known claimants, including Investors, Noninvestors, and taxing authorities. The
19 Notice recites that the Receiver will post the Notice as well as the Motion on his
20 website at cloud.mosierco.com, Username: CapitalCove, Password: investor. The
21 Receiver shall post the Notice and the Motion on his website concurrently with the
22 filing of the Notice and Motion.

23 The Receiver further requests that notice of any modifications to the Receiver’s
24 original Proposed Order is deemed sufficient and approved if a copy of the Court’s
25 Order on the Motion is posted on his website within fourteen (14) calendar days of
26 being issued.
27
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1 **VI. CONCLUSION**

2 The Receiver respectfully requests that the Court: (1) approve the Receiver's
3 Final Report and Accounting; (2) approve the Receiver's Distribution Plan
4 including the amendment of the Mosqueda claim to unsecured; (3) authorize the
5 abandonment of property; (4) close the Receivership; (5) discharge the Receiver;
6 and (6) authorize retention of certain records and the destruction of Receivership
7 records and miscellaneous property. The Receiver requests all other appropriate
8 relief.
9

10 DATED: February 13, 2017

DIAMOND McCARTHY LLP

11 By: /s/ Kathy Bazoian Phelps

12 Kathy Bazoian Phelps

13 Counsel for Robert P. Mosier

14 Permanent Receiver
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DECLARATION OF ROBERT P. MOSIER

1
2 1. I am the Permanent Receiver (“Receiver”) in the matter of *SEC v.*
3 *Capital Cove Bancorp LLC, et. al.* I have personal knowledge of all of the facts in
4 this declaration and, if called as a witness, could competently testify to these facts.

5 2. I have reviewed and participated in the preparation of the Motion to:
6 (1) Approve Final Report and Account; (2) Approve Final Distribution Plan; (3)
7 Sell or Abandon Property; (4) Close the Receivership; (5) Discharge the Receiver;
8 and (6) Authorize Destruction of Receivership Records and Miscellaneous Property
9 (“Receivership Closing Motion”).

10 3. I have, through my counsel, met and conferred with the SEC regarding
11 the relief sought in the Motion and am advised that the SEC does not oppose the
12 Motion.

13 4. My Final Report and Account is attached hereto as Exhibit “1,” which
14 describes my activities in this case and the financial reporting of my activities.

15 5. The Standardized Fund Accounting Report required by the SEC is
16 attached hereto as Exhibit “2.”

17 6. My proposed Distribution Plan is attached hereto as Exhibit “3.” I
18 believe that this plan is reasonable and achieves a fair and equitable result under the
19 circumstances in this case. The Plan proposes to (a) pay all allowed administrative
20 expenses and approved fees and expenses of my professionals as a first priority
21 payment of assets from the estate; and (b) make a final distribution of all remaining
22 assets of the Receivership estimated to be in the total amount of \$2,413,291 to the
23 allowed administrative claims and claims of Investors based on the constructive
24 trust imposed pursuant to prior order. Since Investors will not receive all of the
25 amounts owed to them, there will be insufficient funds to pay any other classes of
26 creditors. The taxing agencies have agreed to subordinate their claims to payment to
27 Investors and accordingly will not be receiving any payment, nor will general
28

1 unsecured creditors. This result is in line with the constructive trust finding that the
2 Court previously made in this case, finding that the funds I am holding are held in
3 constructive trust for the benefit of the investors.

4 7. A true and correct copy of my accounting of the sales proceeds
5 received from the sale of the properties, the manner in which I spread the settlement
6 amounts with the hard money lenders, and the payments to be paid to secured
7 investors pursuant to approved settlements and allowed claims, is attached hereto as
8 Exhibit "4."

9 8. I commenced litigation to avoid the liens of the hard money lenders
10 that were placed against most of the properties on a fraudulent transfer theory. I
11 commenced three lawsuits seeking to avoid those liens which are identified as:

- 12 • Mosier v. Creative Asset Management, et al. (Case No. 15-01851)
- 13 • Mosier v. Center Street Lending et al. (Case No. 15-01852)
- 14 • Mosier v. Norkat et al. (Case No. 15-01850)

15 9. I settled all three of those lawsuits and have been able to clear the liens
16 off the net sales proceeds from the sale of the properties, which has been the
17 primary source of revenue for the receivership estate. The settlements each
18 provided that the lenders would be paid a portion of their claims in cash from the
19 sales proceeds, and their liens would otherwise be removed from the sales proceeds.

20 10. The settlement agreement with the Center Street defendants
21 additionally provided that the liens of Center Street were assigned to me and were
22 preserved for the benefit of the receivership estate. See Paragraph 6 of the
23 Settlement Agreement approved by order entered on August 31, 2016 [Docket No.
24 405].

25 11. The court-approved settlement with the Center Street defendants netted
26 the estate \$1.4 million of funds that were freed up to pay to investors and also
27 resulted in the waiver of several million dollars of claims. Additionally, the estate
28

1 has received the benefit of the Center Street liens that were assigned to the estate as
2 a result of the settlement.

3 12. Settlements with Norkat Financial Inc. and Creative Asset
4 Management, LLC also resulted in the freeing up of sales proceeds to which liens
5 were attached and also obtained a waiver of hundreds of thousands of dollars of
6 claims that were filed against the estate. As a result of my and my professional's
7 efforts in reaching settlements with the junior lienholders and settlements with the
8 three hard money lenders, I have been able to create the pool of funds now available
9 to pay investors. The settlements with Norkat and Creative Asset Management
10 reduced the senior lien positions, which freed up equity in the properties for the
11 junior lienholders as well as for the unsecured investor pool. I have spread the
12 amount of the hard money lenders' remaining lien amounts following settlement on
13 a pro rata basis against each of the properties in which the lenders respectively held
14 a secured interest.

15 13. The settlements with the hard money lenders impacted the amounts
16 available to the secured investor claims set forth herein to the extent that the lenders
17 held senior lien positions. The Accounting attached hereto as Exhibit "4" reflects
18 the amount of the Center Street liens that were assigned to me as of August 31,
19 2016, the date of Court approval of the settlement, including interest and other
20 charges as of that date as reported by Center Street. The Accounting further reflects
21 a pro rata distribution of the settlement amounts paid to Norkat and Creative Asset
22 Management based upon the original loan amounts of those transactions.

23 14. The settlement amounts owed to the Secured Investors in junior
24 positions were calculated based upon the amount of remaining equity in the
25 properties. This calculation resulted in the amounts proposed to be paid herein to
26 each of the investors holding secured interests in the sales proceeds pursuant to
27 their settlement agreements and claims.

1 15. My proposed distribution plan seeks to return as much money as is
2 possible to the defrauded victims in this case. I received 76 claims submitted by the
3 Investors prior to the Claims Bar Date. I have also received 14 claims from
4 Noninvestors. Following payment to allowed secured claimants, I propose to pay
5 the balance of the funds in the estate to claimants in the priority scheme attached
6 hereto as Exhibit “3.”

7 16. In connection with this Receivership, I have accumulated more than 50
8 boxes of documents and other materials, which are located in my office and the
9 offices of the professionals I have retained to assist me in this matter. Accordingly,
10 I request the authority to destroy, or otherwise dispose of, all documents and other
11 items relating to the Receivership, in my discretion and at such time as I deem
12 proper if within thirty (30) days after written notice to the SEC, the SEC does not
13 take custody of such records or items. I will hold all tax records that I am required
14 to retain for the requisite amount of time and then thereafter destroy them.

15 17. I have seized and liquidated all possible meaningful Receivership
16 assets known to me. There is no pending litigation involving the estate or estate
17 assets. There are no remaining unpaid or uncollected judgments with the exception
18 of the contempt amount owed by Rashid Khalfani. Further, with the payment of the
19 accrued and final fees and costs of the Receivership and the final distribution to
20 claimants as requested herein and in the Motion for Fees, all assets of the
21 Receivership will be subject to disbursement. As such, I will have completed my
22 responsibilities under the Orders Appointing Receiver and respectfully request that
23 the Court enter an order pursuant to this Motion that closes the Receivership and
24 discharges me as the Receiver without further order from this Court effective upon
25 my filing a Closing Declaration in which I attest that I have received final tax
26 clearance from the IRS, and paid the final fees and costs of the Receivership. I
27 request the Court's order discharge me and my agents, employees, members,
28

1 officers, independent contractors, attorneys and representatives and relieve me, my
2 agents, employees, members, officers, independent contractors, attorneys and
3 representatives of all duties, liabilities, and responsibilities pertaining to this
4 Receivership.

5 18. I will mail and/or email the form of Notice attached hereto as Exhibit
6 "5" to all known claimants, including Investors, Noninvestors, and taxing
7 authorities. The Notice recites that I will post the Notice as well as the Motion on
8 my website at cloud.mosierco.com, Username: CapitalCove, Password: investor. I
9 will post the Notice and the Motion on his website concurrently with the filing of
10 the Notice and Motion.

11
12 I declare under penalty of perjury under the laws of United States of America
13 that the foregoing is true and correct.

14 Executed at Costa Mesa, California, on February 19, 2018.

15
16 
17 ROBERT P. MOSIER

EXHIBIT 1

Robert P. Mosier
Craig M. Collins, CPA
Ryan Baker, Senior Financial Analyst
MOSIER & COMPANY, INC.
3151 Airway Avenue, Suite A-1
Costa Mesa, California 92626
Telephone: (714) 432-0800
Facsimile: (714) 432-7329
E-Mail: Rmosier@Mosierco.com

Court Appointed Receiver

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

vs.

**CAPITAL COVE BANCORP LLC;
CHRISTOPHER M. LEE aka
RASHID K. KHALFANI,**

Defendants.

Case No: SACV 15-00980

JLS(JCX)

Assigned for all purposes to the
Honorable Josephine L. Staton

**RECEIVER'S FINAL ACCOUNT
AND REPORT. DECLARATION
OF THE RECEIVER, ROBERT P.
MOSIER.**

[No Hearing Set]

Robert P. Mosier, the duly appointed Receiver ("Receiver") for Capital Cove Bancorp LLC and its subsidiaries and/or affiliates (collectively "CCB"), respectfully submits this Final Account and Report ("FAR") for the Receivership estate of CCB. The Receivership is thirty-one months old (June 18, 2015 through January 31, 2018), and the last Receiver's report was submitted to Court on November 29, 2016. With respect to this FAR, your Receiver respectfully represents the following:

1 **Limitation and Organization:** This FAR is being prepared near the
2 conclusion of the case. While most of the data is known at this point, there
3 is still the possibility that new information could change the calculations and
4 conclusions of this FAR. This report is organized into three sections: (A)
5 Overview; (B) Financial Review; and (C) Fees and Costs Summary.
6

7 **A. OVERVIEW**
8

9 1. **Activity Update:** All claims over the known Receivership assets
10 of value have been resolved. The last asset recovered was the personal
11 residence of Defendant R. K. Khalfani ("RKK"), which was sold for
12 \$1,419,000 million; and after paying the underlying mortgage, the estate
13 netted \$340,000. The house sold in July and closed on September 1, 2017.
14 The Court has ordered RKK to pay \$70,524.88 to the Receivership estate
15 for the damages he did to the residence before moving out; nevertheless,
16 RKK has not paid, and his attorney has failed to respond to demands for
17 payment. Tax returns for CCB were filed on November 10, 2017; the tax
18 authority has until mid-May 2018 to review. At this point, and subject to
19 change, the Receiver estimates that investors will ultimately recover 10% to
20 13% of their net investment. Timing for an initial distribution is the second
21 quarter, 2018, depending on approval of this FAR, the status of final tax
22 clearance and assuming there are no complications or continuances of the
23 tax review process.
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1 2. Litigation Resolved: As set forth in Exhibit "A," the Receiver filed
2 three lawsuits against hard money lenders that had secured 1st priority trust
3 deeds on many of the residential, fix and flip properties. These lenders
4 originally sought to be paid \$7.9 million per their recorded trust deeds.
5 Through litigation and the resulting settlements, the three lenders were paid
6 off for \$5.3 million. Per the Court approval, the litigation against these
7 lenders was handled by lawyers on a contingent fee basis given the
8 uncertainty of the litigation results, and the contingent fees with costs were
9 approximately \$828 thousand or 32.6% of the recovery. As a result, the
10 Receivership estate recovered over \$1.7 million, which can be distributed to
11 the investors/victims.
12

13 3. Tax Returns: The final matter in the Receivership Estate was to
14 prepare and file tax returns for CCB, which CCB had never done in its entire
15 history. Recreating several years of tax returns generally would have been
16 a monumental task; however, in this case, it was made seeking constructive
17 trust status. The result of this means that just one return for all of the entities
18 had to be filed for 2015, 2016 and 2017. As noted above, the Receiver filed
19 these returns on November 10, 2017, which are under review by the taxing
20 authorities until mid-May 2018. If the taxing authorities challenge any of the
21 returns, the process could take another two years which will likely impact the
22 final distribution.
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B. FINANCIAL REVIEW

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2 4. Receipts to the General Fund: Exhibit "B" presents a summary
3 of cash receipts and disbursements for the Receivership estate from
4 inception to date. The total receipts are \$15.3 million, consisting of proceeds
5 from the sale of properties (\$15.1 million), balances from closing bank
6 accounts of the Defendant, and miscellaneous rents and other income (for
7 an additional \$245,000).
8
9

10 5. Disbursements from the General Fund: Exhibit "B" presents four
11 categories of disbursements over the case life plus a summary as follows:
12

- 13 a. The largest disbursements went to the secured hard money
14 lenders. As outlined above, the three hard money defendants
15 in the Receiver-filed litigation were paid \$6.2 million including
16 contingent fees paid to counsel – an important expenditure to
17 limit the amount ultimately paid.
- 18 b. The second largest expenditure was for uncontested
19 mortgages that had been properly recorded against the
20 properties. Including the sale commissions, property taxes
21 and other expenses, this expenditure totals \$5.9 million.
- 22 c. The costs to operate and to preserve the properties prior to
23 the auction was \$241.1 thousand, the largest single
24 expenditure going for repairs and maintenance.
- 25 d. The next category of expenses are the Receivership costs
26 that total \$514.6 thousand that has been paid to date. Also
27 included in this category are salaries for those CCB
28 employees that were retained to assist the Receiver going
forward. The total for this final category was \$551 thousand.
- e. The expenditures to date total \$12.9 million, leaving a current
cash balance of \$2.4 million.

1 6. Prospective Expenditures: Exhibit "C" is a summary of proposed
2 expenditures/distribution of the \$2.4 million cash on hand. As noted below,
3 most of these remain subject to Court approval. On the top of Exhibit "C,"
4 there are five classes of claimants: (a) Estimated Administrative Professional
5 Fees (\$844,902.06); and (b) Investors' Secured Claims (\$250,705) – both
6 categories "a" and "b" will be paid, subject to Court approval. The next line
7 item on the schedule is the Investors' Unsecured Claims that are currently
8 scheduled to receive \$1,317,684. The last two classes of claimants are
9 scheduled to receive nothing – non-investor claims and finally, tax claims
10 based upon this Court's Order Establishing a Constructive Trust.
11

12 7. Reconciliation of the Claims: Exhibit "D" is a reconciliation of the
13 Investor Unsecured Claims. The Exhibit shows the Investor claims started
14 at \$17.3 million. Through the claims process, the amount was reduced to
15 \$10.9 million, which is further reduced by a secured portion that was already
16 paid (\$595,989). The amount of cash remaining in the Receivership Estate
17 for distribution to investors is currently calculated to be \$1,317,684, which is
18 a distribution of 13.062% of the current claims' outstanding balance. As
19 noted above, this number is still subject to change either up or down, but it
20 represents the current status subject to review of the tax return, approval of
21 fees and costs (items that might reduce the recovery) and a potential
22 collection of the RKK judgment (that might increase the recovery).
23
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D. FEES AND COSTS SUMMARY

8. Fees/Costs To-Date for the Receiver and Staff. Exhibit "E" is a summary of the fees/costs for the entire case, from June 18, 2015 through the close of the case. Detailed times slips from January 1, 2016 through the close of the case are submitted in the Second and Final Fee Application.

9. Receiver: The total fees for the entire case for Robert P. Mosier, Receiver, are \$220,043.60. Costs are \$0. The total amount owing is \$134,094.52. The average hourly rate for the Receiver is \$336.47.

10. Receiver's Administrative Staff: This is the field agent and bookkeeping staff. The individuals are Jim LeSieur (on sight), Nancy Michenaud/Controller, Aurora Bloom/Assistant Bookkeeper and two sequential paralegals. The total fees are \$116,034.80; notary and other costs are \$611.60. The total amount owing is \$58,435.42. The blended hourly rate is \$90.52. Total administrative costs, including storage and the eventual destruction of records, is \$8,538.91, of which \$2,616.89 is owing.

11. Receiver's In-House Accounting Staff: This category includes Craig M. Collins/CPA and Financial Analyst Ryan C. Baker, with total fees of \$283,236.50, for the forensic accounting effort. Direct Costs are \$362.25. The unpaid balance is \$186,338.83. The blended hourly rate is \$219.68. This in-house forensic effort replaced an accounting firm that reduced the projects fees in this category by more than half.

1 12. Total Receiver Fees and Costs: All in, the fees for the Receiver
2 and his staff are \$619,314.90 with costs of \$9,512.76. The amount owing is
3 \$381,485.65. The blended hourly rate is \$192.02. As a percent of revenues,
4 the total equals 4.0% of total revenues.
5

6 13. Comparison of the Receiver's Fees to What Is Allowed Under the
7 Bankruptcy Code: A federal equity receiver is in the same genre as a
8 Federal Bankruptcy Trustee. The U. S. Bankruptcy Code approved by
9 Congress allows the bankruptcy trustee personally to be compensated at
10 approximately 3.2% of gross revenues that pass through the estate (in a
11 comparably sized case). External accountants and counsel are in addition
12 to this percentage. In this case, the Receiver plus all staff members have
13 total fees and costs of roughly 4%. The Receiver's fee alone as a percent of
14 gross revenues is 1.3%. This is a favorable result for the investors.
15
16

17 14. Counsel Diamond McCarthy: The total hourly fees for counsel
18 total \$583,371.53 (including a \$6,500 reserve for fees & costs to close-out
19 the case) with costs of \$53,442.00. The unpaid balance is \$428,441.28.
20 See Second and Final Fee Application filed separately for details.
21
22

23 15. Tax Preparer Accountant: Dominic Lobuglio, CPA, Inc. is the
24 firm that prepared and filed the tax returns. The fees of \$34,623.05 (including
25 a reserve of \$5,000 for fees & costs to close-out the case) plus costs of
26 \$352.09 total \$34,975.14. Nothing has been paid to date.
27
28

1 16. Original Forensic Accountants: Brandlin & Associates started as
2 forensic accounts but were replaced by the Receivers' in-house accountants.
3 Brandlin was paid \$45,317.33, and is not owed any additional fees or costs.
4

5 Date: February 6, 2018

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9 _____
10 Robert P. Mosier
11 Federal Equity Receiver
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DECLARATION OF ROBERT P. MOSIER

I, Robert P. Mosier, declare and affirm as follows: I am the duly appointed Receiver in this matter and have first-hand knowledge about the following facts except where otherwise noted. If called upon to testify, I could do so competently.

I have personally prepared this Final Account and Report. The descriptions of the activities of the Receiver are accurate to the best of my knowledge and belief. Exhibit "A" is a summary of cash flow related to the contingent fee litigation. Exhibit "B" is summary of cash flow for the entire case through January 30, 2018. Exhibit "C" is a proposed payment to selected priority creditors. Exhibit "D" is a reconciliation of Investor claims and other non-priority claims. Exhibit "E" is a summary of the fees and costs of the Receiver and his staff for the entire case.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge and belief. This declaration is executed on the 6th day of February 2018 in Costa Mesa, California.



Robert P. Mosier
Federal Equity Receiver

INDEX OF EXHIBITS

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Exhibit A: Summary of Contingent Fee Litigation Cash Flow

Exhibit B: Summary of Cash Flow through January 30, 2018

Exhibit C: Proposed Payments to Priority Creditors

Exhibit D: Summary of Unsecured Investor Claims Plus Other Non-Priority Claims

Exhibit E: Summary of Fees and Costs

INDEX OF EXHIBITS

- Exhibit A: Summary of Contingent Fee Litigation Cash Flow**
- Exhibit B: Summary of Cash Flow through January 30, 2018**
- Exhibit C: Proposed Payments to Priority Creditors**
- Exhibit D: Summary of Unsecured Investor Claims Plus Other Non-Priority Claims**
- Exhibit E: Summary of Fees and Costs**

EXHIBIT "A"

CAPITAL COVE BANCORP, LLC COMPROMISES WITH HARD MONEY LENDERS

	Total Loan Balances	Amount Paid	Amount Compromised	Contingent Fees Paid	Related Costs	Total Contingent Fees plus Costs	Total Benefit
	(A)	(B)	(C) = (A-B)	(D)	(E)	(F) = (D+E)	(G) = (C-F)
Lender #1	\$5,338,546	\$3,238,546	\$2,100,000	\$700,000	\$22,315	\$722,315	\$1,377,685
Lender #2	2,215,440	1,985,000	230,440	76,045	9,579	85,624	144,816
Lender #3	358,111	150,000	208,111	20,000	0	20,000	188,111
	\$7,912,097	\$5,373,546	\$2,538,551	\$796,045	\$31,894	\$827,939	\$1,710,612
						32.61%	67.39%

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EXHIBIT "B"

CAPITAL COVE BANCORP LLC et al

SCHEDULE of CASH FLOW

from JUNE 18, 2015 through JANUARY 30, 2018

1	CASH RECEIPTS:		
2	TOTAL GROSS PROPERTY SALES PROCEEDS		\$15,066,036
3	TURNOVER of FUNDS at BEGINNING of CASE:		
4	CHASE BANK	\$151,830	
5	BANK of AMERICA	3,487	
6	TOTAL TURNOVER of FUNDS		155,317
7	OTHER RECEIPTS:		
8	RENTAL INCOME	55,961	
9	REFUND of ESCROW DEPOSIT at 4448 ROSE	17,500	
10	ALL OTHER RECEIPTS	16,836	
11	TOTAL OTHER RECEIPTS		90,297
12	TOTAL CASH RECEIPTS		15,311,650
13	CASH DISBURSEMENTS:		
14	SETTLEMENT AGREEMENTS with LENDERS:		
15	LENDER #1	3,238,546	
16	LENDER #2	1,985,000	
17	LENDER #3	150,000	
18	DIAMOND McCARTHY's CONTINGENT FEES & COSTS	827,939	
19	TOTAL SETTLEMENT AGREEMENTS with LENDERS	6,201,485	
20	ITEMS PAID through ESCROW: MORTGAGES	\$4,551,894	
21	COMMISSIONS	884,110	
22	PROPERTY TAXES	350,781	
23	OTHER	118,162	
24	TOTAL ITEMS PAID through ESCROW		5,904,946
25	PROPERTY COSTS:		
26	REPAIRS & MAINTENANCE	74,734	
27	SUBCONTRACTORS	46,534	
28	PROPERTY INSURANCE	41,828	
29	WATER & SEWER	15,456	
30	LANDSCAPING	13,378	
31	TAKEOVER & SECURE PROPERTIES	9,063	
32	ELECTRICITY	9,429	
33	POOL SERVICE & MAINTENANCE	6,279	
34	PROPERTY MANAGEMENT	3,550	
35	TRASH	3,270	
36	GAS	2,689	
37	HEATING & VENTILATION	2,072	
38	SECURITY / ALARM SERVICE	1,940	
39	ALL OTHER DISBURSEMENTS	10,881	
40	TOTAL PROPERTY COSTS		241,102
41	TOTAL SETTLEMENTS, ESCROW ITEMS & PROPERTY COSTS		12,347,533
42	HEADQUARTER'S EXPENSES:		
43	PROFESSIONALS' FEES & COSTS:		
44	DIAMOND McCARTHY (HOURLY FEES)	208,372	
45	MOSIER & COMPANY, INC.	260,942	
46	BRANDLIN & ASSOCIATES	45,317	
47	LoBUGIO & SIGMAN	0	
48	TOTAL PROFESSIONALS' FEES & COSTS	514,631	
49	CCB STAFF HELDOVER	16,892	
50	RENT, MOVING & STORAGE	13,545	
51	ADMINISTRATIVE COSTS	3,100	
52	ADVERTISING & MARKETING (SIGNS)	1,379	
53	TELEPHONE & COMMUNICATIONS	780	
54	MIRROR THE COMPUTERS	500	
55	TOTAL HEADQUARTER'S EXPENSES		550,827
56	TOTAL of ALL CASH DISBURSEMENTS		12,898,359
57	TOTAL CASH CURRENTLY on HAND		\$2,413,291

EXHIBIT "C"

CAPITAL COVE BANCORP, LLC - CLAIMS SUMMARY

ESTIMATED TOTAL CASH AVAILABLE for ALL ALLOWED CLAIMS

\$2,413,291**PROPOSED DISTRIBUTION by CLASS of CLAIM:**

		Amount of Claims	Amount to be Paid	Percent of Claims Paid
CLASS 1	ADMINISTRATIVE PROFESSIONAL FEES	\$844,902	\$844,902	100.000%
CLASS 2	INVESTORS' SECURED CLAIMS (from Property Sales)	250,705	250,705	100.000%
	TOTAL CLAIMS TO BE PAID at 100%	1,095,607	1,095,607	
CLASS 3	INVESTORS' UNSECURED CLAIMS	10,087,599	1,317,684	13.062%
CLASS 4	TAX CLAIMS	422,144	0	0.000%
CLASS 5	NON-INVESTOR CLAIMS	449,241	0	0.000%
	TOTAL PROPOSED DISTRIBUTIONS	\$12,054,591	\$2,413,291	

CLASS 1: ADMINISTRATIVE PROFESSIONAL FEES

		Expenses		Total	Distribution Amounts	
First Fee Award & Holdbacks:		Fees Paid	Paid	Holdback		Requested
1	Receiver	\$145,441.45	\$5,412.84	\$62,332.05	\$213,186.34	\$62,332.05
2	Mosier & Company, Inc.	110,087.43	0.00	41,682.82	151,770.25	41,682.82
3	Diamond McCarthy LLP	183,686.95	24,685.30	78,722.98	287,095.23	78,722.98
4	Brandlin & Associates	45,317.33	0.00	0.00	45,317.33	0.00
5	Total First Fee Award	\$484,533.16	\$30,098.14	\$182,737.84	\$697,369.14	
		Fees	Reserve	Total		
Second (and Final) Fee Request:		Incurred	Requested	Expenses	Requested	
6	Receiver	\$129,077.61	\$0.00	\$3,737.67	\$132,815.28	132,815.28
7	Mosier & Company, Inc.	144,655.50	0.00	0.00	144,655.50	144,655.50
8	Diamond McCarthy LLP	314,461.60	6,500.00	28,756.70	349,718.30	349,718.30
9	LoBuglio & Sigman	29,623.05	5,000.00	352.09	34,975.14	34,975.14
10	Total Second Fee Request	\$617,817.76	\$11,500.00	\$32,846.46	\$662,164.22	
11 Total Requested Fees & Costs + Holdbacks from First Fee Request					\$1,359,533.36	\$844,902.06

CLASS 2: INVESTORS' SECURED CLAIMS (from Sales of Properties)

		Secured Investor Claims	Amount to be Paid	Percent of Claim Paid
1	Bartley	\$7,247	\$7,247	100.000%
2	Martinez (Portovelo)	243,458	243,458	100.000%
	Secured Investor Subtotals	\$250,705.00	\$250,705.00	

EXHIBIT "D"

CAPITAL COVE BANCORP, LLC - CLAIMS SUMMARY**CLASS 3: INVESTORS' UNSECURED CLAIMS**

Claim #	Investors	Original Amount Claimed	Total Allowed Claim	Secured Portion of Claim that was Paid	Secured Portion of Claim to be Paid	Unsecured Claims after Paid & to be Paid Items	Amount to be Paid on Claim	Percent of Claim to be Paid
			(a)	(b)	(c)	(d = a-b-c)	(e)	(f) = (e/d)
1	Yu	\$250,000	\$250,000	\$0	\$0	\$250,000	\$32,656	13.062%
2	Agoncillo (Pyrk)	30,000	30,000	0	0	30,000	3,919	13.062%
3	Alcantra	625,000	370,097	0	0	370,097	48,344	13.062%
4	Asante	75,000	75,000	0	0	75,000	9,797	13.062%
5	Avina	140,278	140,278	0	0	140,278	18,324	13.062%
6	Bartley	280,000	280,000	0	7,247	272,753	35,628	13.062%
7	Bemiller	150,000	139,250	0	0	139,250	18,189	13.062%
8	Burns	10,000	10,000	0	0	10,000	1,306	13.062%
9	Carrero	105,000	90,330	0	0	90,330	11,799	13.062%
10	Centeno	100,000	309,500	0	0	309,500	40,428	13.062%
11	Cook	150,000	138,750	0	0	138,750	18,124	13.062%
12	Corlis	300,000	295,944	0	0	295,944	38,657	13.062%
13	Costarakis	200,000	150,375	0	0	150,375	19,643	13.062%
14	Divine Property	148,100	148,100	72,447	0	75,653	9,882	13.062%
15	Doezie	650,000	612,501	0	0	612,501	80,007	13.062%
16	Duller	100,000	80,000	0	0	80,000	10,450	13.062%
17	Empire Realty Group	50,000	36,875	0	0	36,875	4,817	13.062%
19	Fellows	250,000	136,875	136,875	0	0	0	0
20	Fintland	50,000	43,125	0	0	43,125	5,633	13.062%
21	Fleschman	180,000	139,475	0	0	139,475	18,219	13.062%
22	Lee Property Group	130,791	100,780	0	0	100,780	13,164	13.062%
23	Gomez	50,000	45,000	0	0	45,000	5,878	13.062%
24	Goosby	20,000	20,000	0	0	20,000	2,612	13.062%
25	Green	49,784	49,375	49,375	0	0	0	0
26	Griffith	100,000	91,000	0	0	91,000	11,887	13.062%
27	Grochowski	30,000	30,000	0	0	30,000	3,919	13.062%
28	Haas	30,000	19,125	0	0	19,125	2,498	13.062%
29	Hackett	100,000	100,000	0	0	100,000	13,062	13.062%
30	Harris	250,000	246,875	0	0	246,875	32,248	13.062%
31	Herrera	67,500	52,500	0	0	52,500	6,858	13.062%
32	Hutts	150,000	138,750	0	0	138,750	18,124	13.062%
33	Jenkins	64,000	43,000	0	0	43,000	5,617	13.062%
34	Johnson	10,000	10,000	0	0	10,000	1,306	13.062%
35	Julien	49,000	29,750	0	0	29,750	3,886	13.062%
36	Kabakibi	180,000	134,550	0	0	134,550	17,575	13.062%
37	Kay	50,000	35,000	0	0	35,000	4,572	13.062%
38	Hope	15,000	15,000	0	0	15,000	1,959	13.062%
39	King	40,400	40,400	0	0	40,400	5,277	13.062%
40	LaTorre	85,000	97,795	97,795	0	0	0	0
41	Lim	50,000	35,000	0	0	35,000	4,572	13.062%
42	Lowe	100,000	87,500	0	0	87,500	11,430	13.062%
43	Martinez	193,093	22,656	0	0	22,656	2,959	13.062%
44	Martinez	6,573,681	1,978,800	39,497	243,458	1,695,845	221,518	13.062%
45	Moreno	530,000	216,124	0	0	216,124	28,231	13.062%
46	Mosqueda	186,958	186,958	0	0	186,958	24,421	13.062%
47	Olson	100,000	85,000	0	0	85,000	11,103	13.062%
48	Ortiz	10,000	8,200	0	0	8,200	1,071	13.062%

(continued)

CAPITAL COVE BANCORP, LLC - CLAIMS SUMMARY

Claim #	Investors' Unsecured Claims (continued)	Original Amount Claimed	Total Allowed Claim	Secured Portion of Claim that was Paid	Secured Portion of Claim to be Paid	Unsecured Claims after Paid & to be Paid Items	Amount to be Paid on Claim	Percent of Claim to be Paid
			(a)	(b)	(c)	(d = a-b-c)	(e)	(f) = (e/d)
(continued)								
49	Pace	15,000	15,000	0	0	15,000	1,959	13.062%
50	Palencia	464,000	433,965	0	0	433,965	56,686	13.062%
51	Pastore	71,000	71,000	0	0	71,000	9,274	13.062%
52	Pitt, Jr.	243,000	221,750	0	0	221,750	28,966	13.062%
53	Pitt, Sr.	100,000	62,500	0	0	62,500	8,164	13.062%
55	Reid	103,575	68,158	0	0	68,158	8,903	13.062%
56	Reynon	46,500	44,175	0	0	44,175	5,770	13.062%
57	Richardson	0	44,780	0	0	44,780	5,849	13.062%
58	Roberts	120,000	124,596	0	0	124,596	16,275	13.062%
59	Roy	500,000	405,000	0	0	405,000	52,903	13.062%
60	Ruiz	250,000	208,336	0	0	208,336	27,214	13.062%
61	Sadayoshi	189,000	189,000	0	0	189,000	24,688	13.062%
62	Shaw	42,500	4,500	0	0	4,500	588	13.062%
63	Silver	25,000	23,125	0	0	23,125	3,021	13.062%
64	Thillman	55,000	55,000	0	0	55,000	7,184	13.062%
65	Thornton	100,000	15,939	0	0	15,939	2,082	13.062%
66	Turner	119,000	115,055	0	0	115,055	15,029	13.062%
67	Vargas	75,000	75,000	0	0	75,000	9,797	13.062%
68	Villegas	15,000	15,000	0	0	15,000	1,959	13.062%
69	Vo	500,000	500,000	0	0	500,000	65,312	13.062%
70	Walker	50,000	50,000	0	0	50,000	6,531	13.062%
71	Wang	200,000	200,000	0	0	200,000	26,125	13.062%
72	Williams	5,600	4,302	0	0	4,302	562	13.062%
73	Winings	150,000	150,000	0	0	150,000	19,594	13.062%
74	Winings	675,000	400,000	200,000	0	200,000	26,125	13.062%
75	Woodson	100,000	0	0	0	0	0	0
76	Yoshikawa	50,000	42,500	0	0	42,500	5,552	13.062%
Unsecured Investor Subtotals		\$17,322,760	\$10,934,293	\$595,989	\$250,705	\$10,087,599	\$1,317,684	13.062%

CLASS 4: TAX CLAIMS

	ENTITY NAMED on CLAIM/TAX STATEMENT	DESCRIPTION of TAX	AMOUNTS per CLAIM / STATEMENTS	Amount to be Paid on Claim
1	Capital Cove Bancorp LLC	EDD (4/1/2012 - 3/31/2016)	\$378,748	\$0
2	Capital Cove International, Inc.	Franchise Tax Board (2012-2015 Taxes)	38,466	0
3	Internal Revenue Service	Late Filing Penalty for FYE 6/30/2015	4,680	0
4	Capital Cove REO Opportunities Fund	Franchise Tax Board (2015 Tax)	250	0
Subtotal for Tax Claims			\$422,144	\$0

CAPITAL COVE BANCORP, LLC - CLAIMS SUMMARY

CLASS 5: NON-INVESTOR CLAIMS

	Claim #	VENDOR	CLAIMS FILED	Amount to be Paid on Claim
1	77	ABS Air Con	\$8,490	\$0
2	78	The Termite Guy	8,070	0
3	79	Maverick RC LLC	102,043	0
4	80	Precision Air Con	250	0
5	81	Robert Half Int'l	17,500	0
6	82	Maria Unkovich	9,435	0
7	83	Brian Silva	1,700	0
8	84	San Gabriel Water	127	0
9	85	San Gabriel Water	110	0
10	86	Thomasina Reed	71,205	0
11	87	Donald Clarke	141,924	0
12	88	Brafton Inc.	36,829	0
13	89	Albert Williams	49,918	0
14	90	Financial Credit Network	1,639	0
Subtotal for Noninvestors			\$449,241	\$0

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EXHIBIT "E"

RECEIVERSHIP ESTATE of CAPITAL COVE INTERNATIONAL, LLC
CUMULATIVE SUMMARY of PROFESSIONAL FEES, ADMINISTRATIVE FEES & COSTS INCURRED
FOR THE PERIOD from JUNE 2015 through JANUARY 2018 to CLOSE

CUMULATIVE SUMMARY of
ALL FEES and COSTS

	HOURS	HOURLY RATE	TOTAL FEES	COSTS	TOTAL FEES and COSTS	PAYMENTS MADE	AMOUNT OWING
RECEIVER	653.98	\$336.47	\$220,043.60	\$0.00	\$220,043.60	\$85,949.08	\$134,094.52
ADMINISTRATIVE FEES	1,281.90	\$90.52	116,034.80	611.60	116,646.40	58,210.98	58,435.42
ADMINISTRATIVE COSTS				8,538.91	8,538.91	5,922.02	2,616.89
TOTAL RECEIVER + ADMINISTRATION	1,935.88	\$173.60	336,078.40	9,150.51	345,228.91	150,082.08	195,146.83
ACCOUNTING & BUDGETING	1,289.30	\$219.68	283,236.50	362.25	283,598.75	97,259.93	186,338.83
TOTAL FEES AND COSTS	3,225.18	\$192.02	\$619,314.90	\$9,512.76	\$628,827.66	\$247,342.01	\$381,485.66

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RECEIVERSHIP ESTATE of CAPITAL COVE INTERNATIONAL, LLC**CUMULATIVE SUMMARY of RECEIVER FEES & COSTS INCURRED
FOR THE PERIOD from JUNE 2015 through JANUARY 2018 TO CLOSE****CUMULATIVE SUMMARY of****ALL FEES and COSTS**

ROBERT P. MOSIER

TOTAL RECEIVER

HOURS	HOURLY RATE	TOTAL FEES	COSTS	TOTAL FEES and COSTS	PAYMENTS MADE	AMOUNT OWING
653.98	\$336.47	\$220,043.60	\$0.00	\$220,043.60	\$85,949.08	\$134,094.52
653.98	\$336.47	\$220,043.60	\$0.00	\$220,043.60	\$85,949.08	\$134,094.52

RECEIVER:

ROBERT P. MOSIER

	HOURS	HOURLY RATE	TOTAL FEES	DIRECT COSTS	TOTAL FEES and COSTS	PAYMENTS MADE	AMOUNT OWING
JUNE 2015	68.80	\$324.95	\$22,356.80	\$0.00	\$22,356.80	\$15,649.76	\$6,707.04
JULY 2015	110.78	\$313.97	34,781.20	0.00	34,781.20	24,346.84	10,434.36
AUGUST 2015	60.80	\$356.00	21,644.80	0.00	21,644.80	15,151.36	6,493.44
SEPTEMBER 2015	42.40	\$356.00	15,094.40	0.00	15,094.40	10,566.08	4,528.32
OCTOBER 2015	23.90	\$356.00	8,508.40	0.00	8,508.40	5,955.88	2,552.52
NOVEMBER 2015	22.70	\$335.61	7,618.40	0.00	7,618.40	5,332.88	2,285.52
DECEMBER 2015	35.90	\$356.00	12,780.40	0.00	12,780.40	8,946.28	3,834.12
JANUARY 2016	19.00	\$356.00	6,764.00	0.00	6,764.00	0.00	6,764.00
FEBRUARY 2016	7.80	\$356.00	2,776.80	0.00	2,776.80	0.00	2,776.80
MARCH 2016	15.20	\$168.63	2,563.20	0.00	2,563.20	0.00	2,563.20
APRIL 2016	8.30	\$356.00	2,954.80	0.00	2,954.80	0.00	2,954.80
MAY 2016	13.20	\$275.09	3,631.20	0.00	3,631.20	0.00	3,631.20
JUNE 2016	12.80	\$356.00	4,556.80	0.00	4,556.80	0.00	4,556.80
JULY 2016	7.50	\$356.00	2,670.00	0.00	2,670.00	0.00	2,670.00
AUGUST 2016	13.50	\$356.00	4,806.00	0.00	4,806.00	0.00	4,806.00
SEPTEMBER 2016	11.70	\$356.00	4,165.20	0.00	4,165.20	0.00	4,165.20
OCTOBER 2016	11.40	\$356.00	4,058.40	0.00	4,058.40	0.00	4,058.40
NOVEMBER 2016	25.60	\$356.00	9,113.60	0.00	9,113.60	0.00	9,113.60
DECEMBER 2016	7.00	\$356.00	2,492.00	0.00	2,492.00	0.00	2,492.00
JANUARY 2017	14.00	\$356.00	4,984.00	0.00	4,984.00	0.00	4,984.00
FEBRUARY 2017	6.40	\$356.00	2,278.40	0.00	2,278.40	0.00	2,278.40
MARCH 2017	7.50	\$356.00	2,670.00	0.00	2,670.00	0.00	2,670.00
APRIL 2017	30.80	\$327.10	10,074.80	0.00	10,074.80	0.00	10,074.80
MAY 2017	15.70	\$356.00	5,589.20	0.00	5,589.20	0.00	5,589.20
JUNE 2017	9.40	\$280.26	2,634.40	0.00	2,634.40	0.00	2,634.40
JULY 2017	12.60	\$356.00	4,485.60	0.00	4,485.60	0.00	4,485.60
AUGUST 2017	6.90	\$356.00	2,456.40	0.00	2,456.40	0.00	2,456.40
SEPTEMBER 2017	6.80	\$356.00	2,420.80	0.00	2,420.80	0.00	2,420.80
OCTOBER 2017	2.80	\$356.00	996.80	0.00	996.80	0.00	996.80
NOVEMBER 2017	11.20	\$356.00	3,987.20	0.00	3,987.20	0.00	3,987.20
DECEMBER 2017	2.30	\$356.00	818.80	0.00	818.80	0.00	818.80
JANUARY 2018 TO CLOSE	9.30	\$356.00	3,310.80	0.00	3,310.80	0.00	3,310.80
RECEIVER'S FEES	653.98	\$336.47	220,043.60	0.00	220,043.60	85,949.08	134,094.52

RECEIVERSHIP ESTATE of CAPITAL COVE INTERNATIONAL, LLC**CUMULATIVE SUMMARY of ADMINISTRATIVE FEES & COSTS INCURRED****FOR THE PERIOD from JUNE 2015 through JANUARY 2018 TO CLOSE****CUMULATIVE SUMMARY of****ALL FEES and COSTS**

	HOURS	HOURLY RATE	TOTAL FEES	COSTS	TOTAL FEES and COSTS	PAYMENTS MADE	AMOUNT OWING
ADMINISTRATIVE FEES	1,281.90	\$90.52	\$116,034.80	\$611.60	\$116,646.40	\$58,210.98	\$58,435.42
ADMINISTRATIVE COSTS				8,538.91	8,538.91	5,922.02	2,616.89
TOTAL ADMINISTRATIVE	1,281.90	\$90.52	\$116,034.80	\$9,150.51	\$125,185.31	\$64,133.00	\$61,052.31

FIELD AGENTS:

	HOURS	HOURLY RATE	TOTAL FEES	DIRECT COSTS	TOTAL FEES and COSTS	PAYMENTS MADE	AMOUNT OWING
JIM LESIEUR							
JUNE 2015	89.50	\$150.00	13,425.00	0.00	13,425.00	9,397.50	4,027.50
JULY 2015	163.10	\$150.00	24,465.00	0.00	24,465.00	17,125.50	7,339.50
AUGUST 2015	31.80	\$150.00	4,770.00	0.00	4,770.00	3,339.00	1,431.00
SEPTEMBER 2015	22.40	\$150.00	3,360.00	0.00	3,360.00	2,352.00	1,008.00
OCTOBER 2015	25.50	\$150.00	3,825.00	0.00	3,825.00	2,677.50	1,147.50
NOVEMBER 2015	13.70	\$150.00	2,055.00	0.00	2,055.00	1,438.50	616.50
DECEMBER 2015	4.40	\$150.00	660.00	0.00	660.00	462.00	198.00
JANUARY 2016	0.60	\$150.00	90.00	0.00	90.00	0.00	90.00
FEBRUARY 2016	2.40	\$150.00	360.00	0.00	360.00	0.00	360.00
MARCH 2016	6.60	\$150.00	990.00	0.00	990.00	0.00	990.00
APRIL 2016	0.60	\$150.00	90.00	0.00	90.00	0.00	90.00
MAY 2016	0.40	\$150.00	60.00	0.00	60.00	0.00	60.00
AUGUST 2016	1.10	\$150.00	165.00	0.00	165.00	0.00	165.00
SEPTEMBER 2016	0.20	\$150.00	30.00	0.00	30.00	0.00	30.00
NOVEMBER 2016	0.40	\$150.00	60.00	0.00	60.00	0.00	60.00
FIELD AGENTS	362.70	\$150.00	\$54,405.00	\$0.00	\$54,405.00	\$36,792.00	\$17,613.00

BOOKKEEPING & PARALEGAL:

	HOURS	HOURLY RATE	TOTAL FEES	DIRECT COSTS	TOTAL FEES and COSTS	PAYMENTS MADE	AMOUNT OWING
NANCY E. MICHENAUD							
JUNE 2015	26.90	\$95.00	\$2,555.50	\$0.00	\$2,555.50	\$1,788.85	\$766.65
JULY 2015	52.80	\$95.00	5,016.00	0.00	5,016.00	3,511.20	1,504.80
AUGUST 2015	33.90	\$95.00	3,220.50	0.00	3,220.50	2,254.35	966.15
SEPTEMBER 2015	23.00	\$95.00	2,185.00	0.00	2,185.00	1,529.50	655.50
OCTOBER 2015	23.50	\$95.00	2,232.50	0.00	2,232.50	1,562.75	669.75
NOVEMBER 2015	16.40	\$95.00	1,558.00	0.00	1,558.00	1,090.60	467.40
DECEMBER 2015	18.00	\$95.00	1,710.00	0.00	1,710.00	1,197.00	513.00
JANUARY 2016	26.80	\$95.00	2,546.00	0.00	2,546.00	0.00	2,546.00
FEBRUARY 2016	6.40	\$95.00	608.00	0.00	608.00	0.00	608.00
MARCH 2016	4.40	\$95.00	418.00	0.00	418.00	0.00	418.00
APRIL 2016	3.10	\$95.00	294.50	0.00	294.50	0.00	294.50
MAY 2016	3.30	\$95.00	313.50	0.00	313.50	0.00	313.50
JUNE 2016	9.10	\$95.00	864.50	0.00	864.50	0.00	864.50
JULY 2016	2.80	\$95.00	266.00	0.00	266.00	0.00	266.00
AUGUST 2016	4.00	\$95.00	380.00	0.00	380.00	0.00	380.00
SEPTEMBER 2016	5.40	\$95.00	513.00	0.00	513.00	0.00	513.00
OCTOBER 2016	1.60	\$95.00	152.00	0.00	152.00	0.00	152.00
NOVEMBER 2016	4.60	\$95.00	437.00	0.00	437.00	0.00	437.00
DECEMBER 2016	2.50	\$95.00	237.50	0.00	237.50	0.00	237.50
JANUARY 2017	5.00	\$95.00	475.00	0.00	475.00	0.00	475.00
FEBRUARY 2017	1.50	\$95.00	142.50	0.00	142.50	0.00	142.50
MARCH 2017	10.30	\$95.00	978.50	0.00	978.50	0.00	978.50
APRIL 2017	7.70	\$95.00	731.50	0.00	731.50	0.00	731.50
MAY 2017	7.40	\$95.00	703.00	0.00	703.00	0.00	703.00
JUNE 2017	10.10	\$95.00	959.50	0.00	959.50	0.00	959.50
JULY 2017	4.50	\$95.00	427.50	0.00	427.50	0.00	427.50
AUGUST 2017	3.10	\$95.00	294.50	0.00	294.50	0.00	294.50
SEPTEMBER 2017	12.10	\$95.00	1,149.50	0.00	1,149.50	0.00	1,149.50
OCTOBER 2017	2.10	\$95.00	199.50	0.00	199.50	0.00	199.50
NOVEMBER 2017	2.60	\$95.00	247.00	0.00	247.00	0.00	247.00
DECEMBER 2017	0.70	\$95.00	66.50	0.00	66.50	0.00	66.50
JANUARY 2018 TO CLOSE	40.00	\$95.00	3,800.00	0.00	3,800.00	0.00	3,800.00
TOTAL MICHENAUD	375.60	\$95.00	35,682.00	0.00	35,682.00	12,934.25	22,747.75

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RECEIVERSHIP ESTATE of CAPITAL COVE INTERNATIONAL, LLC**CUMULATIVE SUMMARY of ADMINISTRATIVE FEES & COSTS INCURRED****FOR THE PERIOD from JUNE 2015 through JANUARY 2018 TO CLOSE****(CONTINUED)****BOOKKEEPING & PARALEGAL (Continued):**

		HOURS	HOURLY RATE	TOTAL FEES	DIRECT COSTS	TOTAL FEES and COSTS	PAYMENTS MADE	AMOUNT OWING
AURORA BLOOM								
JUNE	2015	3.20	\$50.00	160.00	0.00	160.00	112.00	48.00
JULY	2015	82.90	\$50.00	4,145.00	281.60	4,426.60	3,183.10	1,243.50
AUGUST	2015	40.80	\$50.00	2,040.00	20.00	2,060.00	1,448.00	612.00
SEPTEMBER	2015	24.70	\$50.00	1,235.00	20.00	1,255.00	884.50	370.50
OCTOBER	2015	19.60	\$50.00	980.00	10.00	990.00	696.00	294.00
NOVEMBER	2015	21.00	\$50.00	1,050.00	0.00	1,050.00	735.00	315.00
DECEMBER	2015	20.90	\$50.00	1,045.00	190.00	1,235.00	921.50	313.50
JANUARY	2016	22.60	\$50.00	1,130.00	10.00	1,140.00	0.00	1,140.00
FEBRUARY	2016	17.40	\$50.00	870.00	0.00	870.00	0.00	870.00
MARCH	2016	13.40	\$50.00	670.00	10.00	680.00	0.00	680.00
APRIL	2016	9.80	\$50.00	490.00	0.00	490.00	0.00	490.00
MAY	2016	7.30	\$50.00	365.00	0.00	365.00	0.00	365.00
JUNE	2016	6.10	\$50.00	305.00	10.00	315.00	0.00	315.00
JULY	2016	12.50	\$50.00	625.00	0.00	625.00	0.00	625.00
AUGUST	2016	7.40	\$50.00	370.00	0.00	370.00	0.00	370.00
SEPTEMBER	2016	6.00	\$50.00	300.00	0.00	300.00	0.00	300.00
OCTOBER	2016	9.60	\$50.00	480.00	0.00	480.00	0.00	480.00
NOVEMBER	2016	7.10	\$50.00	355.00	0.00	355.00	0.00	355.00
DECEMBER	2016	7.30	\$50.00	365.00	0.00	365.00	0.00	365.00
JANUARY	2017	18.00	\$50.00	900.00	10.00	910.00	0.00	910.00
FEBRUARY	2017	7.70	\$50.00	385.00	0.00	385.00	0.00	385.00
MARCH	2017	4.20	\$50.00	210.00	0.00	210.00	0.00	210.00
APRIL	2017	6.20	\$50.00	310.00	40.00	350.00	0.00	350.00
MAY	2017	5.20	\$50.00	260.00	0.00	260.00	0.00	260.00
JUNE	2017	10.20	\$50.00	510.00	0.00	510.00	0.00	510.00
JULY	2017	5.80	\$50.00	290.00	0.00	290.00	0.00	290.00
AUGUST	2017	5.70	\$50.00	285.00	10.00	295.00	0.00	295.00
SEPTEMBER	2017	14.50	\$50.00	725.00	0.00	725.00	0.00	725.00
OCTOBER	2017	7.80	\$50.00	390.00	0.00	390.00	0.00	390.00
NOVEMBER	2017	7.70	\$50.00	385.00	0.00	385.00	0.00	385.00
DECEMBER	2017	5.60	\$50.00	280.00	0.00	280.00	0.00	280.00
JANUARY 2018 TO CLOSE		49.30	\$50.00	2,465.00	0.00	2,465.00	0.00	2,465.00
TOTAL BLOOM		487.50	\$50.00	24,375.00	611.60	24,986.60	7,980.10	17,006.50
KRISTINA GODINEZ								
SEPTEMBER	2017	0.30	\$34.00	10.20	0.00	10.20	0.00	10.20
JANUARY 2018 TO CLOSE		8.00	\$34.00	272.00	0.00	272.00	0.00	272.00
TOTAL GODINEZ		8.30	\$34.00	282.20	0.00	282.20	0.00	282.20
KAYLYN KELLY								
JUNE	2015	4.40	\$27.00	118.80	0.00	118.80	83.16	35.64
JULY	2015	17.20	\$27.00	464.40	0.00	464.40	325.08	139.32
AUGUST	2015	1.60	\$27.00	43.20	0.00	43.20	30.24	12.96
SEPTEMBER	2015	0.00	\$27.00	0.00	0.00	0.00	0.00	0.00
OCTOBER	2015	1.10	\$27.00	29.70	0.00	29.70	20.79	8.91
NOVEMBER	2015	0.10	\$27.00	2.70	0.00	2.70	1.89	0.81
DECEMBER	2015	2.30	\$27.00	62.10	0.00	62.10	43.47	18.63
JANUARY	2016	1.30	\$27.00	35.10	0.00	35.10	0.00	35.10
FEBRUARY	2016	9.20	\$27.00	248.40	0.00	248.40	0.00	248.40
MARCH	2016	2.60	\$27.00	70.20	0.00	70.20	0.00	70.20
APRIL	2016	8.00	\$27.00	216.00	0.00	216.00	0.00	216.00
TOTAL KELLY		47.80	\$27.00	1,290.60	0.00	1,290.60	504.83	785.97
BOOKKEEPING/PARALEGAL		919.20	\$67.05	\$61,629.80	\$611.60	\$62,241.40	\$21,418.98	\$40,822.42

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RECEIVERSHIP ESTATE of CAPITAL COVE INTERNATIONAL, LLC
CUMULATIVE SUMMARY of ADMINISTRATIVE FEES & COSTS INCURRED
FOR THE PERIOD from JUNE 2015 through JANUARY 2018 TO CLOSE

(CONTINUED)

<u>ADMINISTRATIVE COSTS:</u>		MISC. CHARGES	TELE- PHONE	POSTAGE	FACSIMILE & XEROX	DELIVERY, FEDEX, etc	TOTAL ADM COSTS	PAYMENTS MADE	AMOUNT OWING
JUNE	2015	\$0.00	\$22.85	\$10.02	\$151.90	\$0.00	\$184.77	\$184.77	\$0.00
JULY	2015	0.00	5.77	153.75	661.70	207.51	1,028.73	1,028.73	0.00
AUGUST	2015	0.00	2.33	36.59	206.00	254.45	499.37	499.37	0.00
SEPTEMBER	2015	0.00	0.72	35.02	119.10	66.46	221.30	221.30	0.00
OCTOBER	2015	0.00	0.00	34.14	115.70	83.06	232.90	232.90	0.00
NOVEMBER	2015	0.00	4.64	15.25	252.00	36.84	308.73	308.73	0.00
DECEMBER	2015	2,188.82	0.00	41.82	184.80	0.00	2,415.44	2,415.44	0.00
JANUARY	2016	0.00	0.31	21.22	257.90	86.84	366.27	366.27	0.00
FEBRUARY	2016	59.55	0.00	8.24	223.00	0.00	290.79	290.79	0.00
MARCH	2016	0.00	0.00	2.45	264.10	0.00	266.55	176.06	90.49
APRIL	2016	0.00	0.00	2.36	224.30	0.00	226.66	0.00	226.66
MAY	2016	0.00	0.00	0.47	17.80	0.00	18.27	0.00	18.27
JUNE	2016	0.00	0.00	0.00	13.00	21.99	34.99	21.99	13.00
JULY	2016	0.00	0.00	0.00	21.00	0.00	21.00	0.00	21.00
AUGUST	2016	0.00	0.00	0.94	9.40	0.00	10.34	0.00	10.34
SEPTEMBER	2016	0.00	0.00	0.94	6.20	0.00	7.14	0.00	7.14
OCTOBER	2016	0.00	0.00	0.47	8.80	0.00	9.27	0.00	9.27
NOVEMBER	2016	0.00	0.00	1.41	21.40	0.00	22.81	0.00	22.81
DECEMBER	2016	0.00	0.00	0.47	0.20	0.00	0.67	0.00	0.67
JANUARY	2017	13.40	0.00	4.96	27.20	22.84	68.40	22.84	45.56
FEBRUARY	2017	0.00	0.00	0.94	37.20	0.00	38.14	0.00	38.14
MARCH	2017	0.00	0.00	1.41	8.40	0.00	9.81	0.00	9.81
APRIL	2017	0.00	0.00	1.65	5.60	77.74	84.99	77.74	7.25
MAY	2017	0.00	0.00	0.92	10.80	75.09	86.81	75.09	11.72
JUNE	2017	0.00	0.00	4.14	35.60	0.00	39.74	0.00	39.74
JULY	2017	0.00	0.00	2.76	21.00	0.00	23.76	0.00	23.76
AUGUST	2017	0.00	0.00	2.30	1.80	0.00	4.10	0.00	4.10
SEPTEMBER	2017	0.00	0.00	1.38	42.00	0.00	43.38	0.00	43.38
OCTOBER	2017	0.00	0.00	0.46	10.80	0.00	11.26	0.00	11.26
NOVEMBER	2017	0.00	0.00	55.26	9.20	0.00	64.46	0.00	64.46
DECEMBER	2017	0.00	0.00	0.46	16.40	0.00	16.86	0.00	16.86
JANUARY 2018 TO CLOSE		1,258.00	0.00	246.00	377.20	0.00	1,881.20	0.00	1,881.20
TOTAL ADMIN COSTS		\$3,519.77	\$36.62	\$688.20	\$3,361.50	\$932.82	\$8,538.91	\$5,922.02	\$2,616.89

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RECEIVERSHIP ESTATE of CAPITAL COVE INTERNATIONAL, LLC
CUMULATIVE SUMMARY of RECEIVER FEES, ADMINISTRATIVE FEES & COSTS INCURRED
FOR THE PERIOD from JUNE 2015 through JANUARY 2018 TO CLOSE

<u>CUMULATIVE SUMMARY of</u>		HOURLY	TOTAL		TOTAL FEES	PAYMENTS	AMOUNT
<u>ALL FEES and COSTS</u>	HOURS	RATE	FEES	COSTS	and COSTS	MADE	OWING
RECEIVER FEES	653.98	\$336.47	\$220,043.60	\$0.00	\$220,043.60	\$85,949.08	\$134,094.52
ADMINISTRATIVE FEES	1,281.90	\$90.52	116,034.80	611.60	116,646.40	58,210.98	58,435.42
ADMINISTRATIVE COSTS				8,538.91	8,538.91	5,922.02	2,616.89
TOTAL FEES AND COSTS	1,935.88	\$173.60	\$336,078.40	\$9,150.51	\$345,228.91	\$150,082.08	\$195,146.83

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RECEIVERSHIP ESTATE of CAPITAL COVE INTERNATIONAL, LLC
CUMULATIVE SUMMARY of ACCOUNTING & BUDGETING FEES & COSTS INCURRED
FOR THE PERIOD from JUNE 2015 through JANUARY 2018 TO CLOSE

CUMULATIVE SUMMARY of

ALL FEES and COSTS

	HOURS	HOURLY RATE	TOTAL FEES	COSTS	TOTAL FEES and COSTS	PAYMENTS MADE	AMOUNT OWING
CRAIG M. COLLINS	640.10	\$265.00	\$169,626.50	\$0.00	\$169,626.50	\$56,985.60	\$112,640.90
RYAN C. BAKER	649.20	\$175.00	113,810.00	362.25	113,972.25	40,274.33	73,697.93
TOTAL ACCOUNTING & BUDGETING	1,289.30	\$219.68	\$283,236.50	\$362.25	\$283,598.75	\$97,259.93	\$186,338.83

ACCOUNTING & BUDGETING:

		HOURS	HOURLY RATE	TOTAL FEES	DIRECT COSTS	TOTAL FEES and COSTS	PAYMENTS MADE	AMOUNT OWING
CRAIG M. COLLINS								
JUNE	2015	54.00	\$265.00	14,310.00	0.00	14,310.00	10,017.00	4,293.00
JULY	2015	60.30	\$265.00	15,979.50	0.00	15,979.50	11,185.65	4,793.85
AUGUST	2015	47.40	\$265.00	12,561.00	0.00	12,561.00	8,792.70	3,768.30
SEPTEMBER	2015	39.70	\$265.00	10,520.50	0.00	10,520.50	7,364.35	3,156.15
OCTOBER	2015	23.60	\$265.00	6,254.00	0.00	6,254.00	4,377.80	1,876.20
NOVEMBER	2015	38.60	\$265.00	10,229.00	0.00	10,229.00	7,160.30	3,068.70
DECEMBER	2015	43.60	\$265.00	11,554.00	0.00	11,554.00	8,087.80	3,466.20
JANUARY	2016	29.30	\$265.00	7,764.50	0.00	7,764.50	0.00	7,764.50
FEBRUARY	2016	7.50	\$265.00	1,987.50	0.00	1,987.50	0.00	1,987.50
MARCH	2016	8.50	\$265.00	2,252.50	0.00	2,252.50	0.00	2,252.50
APRIL	2016	12.40	\$265.00	3,286.00	0.00	3,286.00	0.00	3,286.00
MAY	2016	5.80	\$265.00	1,537.00	0.00	1,537.00	0.00	1,537.00
JUNE	2016	5.80	\$265.00	1,537.00	0.00	1,537.00	0.00	1,537.00
JULY	2016	4.00	\$265.00	1,060.00	0.00	1,060.00	0.00	1,060.00
AUGUST	2016	23.40	\$265.00	6,201.00	0.00	6,201.00	0.00	6,201.00
SEPTEMBER	2016	16.30	\$265.00	4,319.50	0.00	4,319.50	0.00	4,319.50
OCTOBER	2016	13.90	\$265.00	3,683.50	0.00	3,683.50	0.00	3,683.50
NOVEMBER	2016	23.10	\$265.00	6,121.50	0.00	6,121.50	0.00	6,121.50
DECEMBER	2016	10.70	\$265.00	2,835.50	0.00	2,835.50	0.00	2,835.50
JANUARY	2017	24.70	\$265.00	6,545.50	0.00	6,545.50	0.00	6,545.50
FEBRUARY	2017	10.10	\$265.00	2,676.50	0.00	2,676.50	0.00	2,676.50
MARCH	2017	26.40	\$265.00	6,996.00	0.00	6,996.00	0.00	6,996.00
APRIL	2017	28.30	\$265.00	7,499.50	0.00	7,499.50	0.00	7,499.50
MAY	2017	11.20	\$265.00	2,968.00	0.00	2,968.00	0.00	2,968.00
JUNE	2017	9.70	\$265.00	2,570.50	0.00	2,570.50	0.00	2,570.50
JULY	2017	16.70	\$265.00	4,425.50	0.00	4,425.50	0.00	4,425.50
AUGUST	2017	6.40	\$265.00	1,696.00	0.00	1,696.00	0.00	1,696.00
SEPTEMBER 2017 TO CLOSE		38.70	\$265.00	10,255.50	0.00	10,255.50	0.00	10,255.50
TOTAL COLLINS		640.10	\$265.00	169,626.50	0.00	169,626.50	56,985.60	112,640.90

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RECEIVERSHIP ESTATE of CAPITAL COVE INTERNATIONAL, LLC
CUMULATIVE SUMMARY of ACCOUNTING & BUDGETING FEES & COSTS INCURRED
FOR THE PERIOD from JUNE 2015 through JANUARY 2018 TO CLOSE
(CONTINUED)

ACCOUNTING & BUDGETING (Continued):		HOURS	HOURLY RATE	TOTAL FEES	DIRECT COSTS	TOTAL FEES and COSTS	PAYMENTS MADE	AMOUNT OWING
RYAN C. BAKER								
JUNE	2015	53.40	\$175.00	9,345.00	258.75	9,603.75	6,722.63	2,881.13
JULY	2015	92.60	\$175.00	16,205.00	103.50	16,308.50	11,415.95	4,892.55
AUGUST	2015	77.00	\$175.00	13,475.00	0.00	13,475.00	9,432.50	4,042.50
SEPTEMBER	2015	31.00	\$175.00	5,425.00	0.00	5,425.00	3,797.50	1,627.50
OCTOBER	2015	20.60	\$175.00	3,605.00	0.00	3,605.00	2,523.50	1,081.50
NOVEMBER	2015	20.90	\$175.00	3,657.50	0.00	3,657.50	2,560.25	1,097.25
DECEMBER	2015	31.20	\$175.00	5,460.00	0.00	5,460.00	3,822.00	1,638.00
JANUARY	2016	40.20	\$175.00	7,035.00	0.00	7,035.00	0.00	7,035.00
FEBRUARY	2016	15.90	\$175.00	2,782.50	0.00	2,782.50	0.00	2,782.50
MARCH	2016	35.60	\$175.00	6,230.00	0.00	6,230.00	0.00	6,230.00
APRIL	2016	16.90	\$175.00	2,957.50	0.00	2,957.50	0.00	2,957.50
MAY	2016	3.00	\$175.00	525.00	0.00	525.00	0.00	525.00
JUNE	2016	8.10	\$175.00	1,417.50	0.00	1,417.50	0.00	1,417.50
JULY	2016	13.00	\$175.00	2,275.00	0.00	2,275.00	0.00	2,275.00
AUGUST	2016	16.50	\$175.00	2,887.50	0.00	2,887.50	0.00	2,887.50
SEPTEMBER	2016	0.80	\$175.00	140.00	0.00	140.00	0.00	140.00
OCTOBER	2016	15.00	\$175.00	2,625.00	0.00	2,625.00	0.00	2,625.00
NOVEMBER	2016	22.10	\$175.00	3,867.50	0.00	3,867.50	0.00	3,867.50
DECEMBER	2016	17.00	\$175.00	2,975.00	0.00	2,975.00	0.00	2,975.00
JANUARY	2017	30.30	\$175.00	5,302.50	0.00	5,302.50	0.00	5,302.50
FEBRUARY	2017	4.20	\$175.00	735.00	0.00	735.00	0.00	735.00
MARCH	2017	7.70	\$175.00	1,347.50	0.00	1,347.50	0.00	1,347.50
APRIL	2017	12.40	\$175.00	2,170.00	0.00	2,170.00	0.00	2,170.00
MAY	2017	6.40	\$175.00	1,120.00	0.00	1,120.00	0.00	1,120.00
JUNE	2017	4.00	\$175.00	700.00	0.00	700.00	0.00	700.00
JULY	2017	15.60	\$175.00	2,730.00	0.00	2,730.00	0.00	2,730.00
AUGUST	2017	10.00	\$175.00	1,750.00	0.00	1,750.00	0.00	1,750.00
SEPTEMBER	2017	0.50	\$175.00	87.50	0.00	87.50	0.00	87.50
OCTOBER	2017	3.90	\$175.00	682.50	0.00	682.50	0.00	682.50
NOVEMBER	2017	2.10	\$175.00	367.50	0.00	367.50	0.00	367.50
DECEMBER	2017	6.60	\$175.00	1,155.00	0.00	1,155.00	0.00	1,155.00
JANUARY 2018 TO CLOSE		14.70	\$175.00	2,572.50	0.00	2,572.50	0.00	2,572.50
TOTAL BAKER		649.20	\$175.00	113,610.00	362.25	113,972.25	40,274.33	73,697.93
ACCOUNTING & BUDGETING		1,289.30	\$218.68	\$283,236.50	\$362.25	\$283,598.75	\$97,259.93	\$186,338.83

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EXHIBIT 2

RECEIVERSHIP; CIVIL COURT DOCKET NO. 8:15-cv-2110-JLS-JCx
REPORTING PERIOD from JUNE 18, 2015 through JANUARY 30, 2018

FUND ACCOUNTING (See Instructions):				
	SCHEDULE	DETAIL	SUBTOTAL	GRAND TOTAL
Line 1 Beginning Balance of the Fund				\$0
<i>Increases in Fund Balances:</i>				
Line 2 Business Income (Receipts)	Schedule 1			73,461
Line 3 Cash and Securities				0
Line 4 Interest / Dividend Income				0
Line 5 Business Asset Liquidation	Schedule 1			3,787,544
Line 6 Personal Asset Liquidation				0
Line 7 Third-Party Litigation				0
Line 8 Miscellaneous - Other	Schedule 1			172,153
Total Funds Available (Lines 1-8)				4,033,158
<i>Decreases in Fund Balance:</i>				
Line 9 Disbursements to Investors				0
Line 10 Disbursements for Receivership Operations				
Line 10a Disbursements to Receiver or Other Professionals	Schedule 2		\$306,259	
Line 10b Business Asset Expenses	Schedule 3		277,298	
Line 10c Personal Asset Liquidation			0	
Line 10d Investment Expenses			0	
Line 10e Third-Party Litigation Expenses				
1. Attorney Fees	Schedule 2	\$1,036,311		
2. Litigation Expenses		0		
Total Third-Party Litigation Expenses			1,036,311	
Line 10f Tax Administrator Fees and Bonds	Schedule 2		0	
Line 10g Federal and State Tax Payments			0	
Total Disbursements for Receivership Operations				1,619,868
Line 11 Disbursements for Distribution Expenses Paid by the Fund:				
Line 11a Distribution Plan Development Expenses:				
1. Fees:				
Fund Administrator				
Independent Distribution Consultant (IDC)		0		
Distribution Agent		0		
Consultants		0		
Legal Advisors				
Tax Advisors				
2. Administrative Expenses		0		
3. Miscellaneous		0		
Total Plan Development Expenses			0	
Line 11b Distribution Plan Implementation Expenses:				
1. Fees:				
Fund Administrator		0		
Independent Distribution Consultant (IDC)		0		
Distribution Agent		0		
Consultants (Forensic Accountants)		0		
Legal Advisors		0		
Tax Advisors		0		
2. Administrative Expenses		0		
3. Investor Identification:				
Notice/Publishing Approved Plan		0		
Claimant Identification		0		
Claims Processing		0		
Web Site Maintenance / Call Center		0		
4. Fund Administrator Bond		0		
5. Miscellaneous		0		
6. Fair Account for Investor Restitution		0		
(FAIR) Reporting Expenses		0		
Total Plan Implementation Expenses			0	
Total Disbursements for Distribution Expenses Paid by the Fund				0
Line 12 Disbursements to Court / Other:				
Line 12a Investment Expenses / Court Registry Investment System (DRIS) Fees			0	
Line 12b Federal Tax Payments			0	
Total Disbursements to Court / Other				0
Total Funds Disbursed (Lines 9-12)				1,619,868
Line 13 Ending Balance of the Fund as of January 30, 2018				\$2,413,291

RECEIVERSHIP; CIVIL COURT DOCKET NO. 8:15-cv-2110-JLS-JCx

REPORTING PERIOD from JUNE 18, 2015 through JANUARY 30, 2018

Line 14	Ending Balance of Fund - Net Assets:			
Line 14a	Cash & Cash Equivalents	Schedule 4		\$2,413,290
Line 14b	Investments			0
Line 14c	Other Assets or Uncleared Funds			0
	Total Ending Balance of Fund - Net Assets			\$2,413,290

OTHER SUPPLEMENTAL INFORMATION:			
	DETAIL	SUBTOTAL	GRAND TOTAL
Report of Items NOT to be Paid by the Fund:			
Line 15	Disbursements for Plan Administration Expenses Not Paid by the Fund:		
Line 15a	Plan Development Expenses Not Paid by the Fund		
	1. Fees:		
	Fund Administrator	\$0	
	Independent Distribution Consultant (IDC)	0	
	Distribution Agent	0	
	Consultants	0	
	Legal Advisors	0	
	Tax Advisors	0	
	2. Administrative Expenses	0	
	3. Miscellaneous	0	
	Total Plan Development Expenses Not Paid by the Fund		\$0
Line 15b	Plan Implementation Expenses Not Paid by the Fund		
	1. Fees:		
	Fund Administrator	0	
	Independent Distribution Consultant (IDC)	0	
	Distribution Agent	0	
	Consultants	0	
	Legal Advisors	0	
	Tax Advisors	0	
	2. Administrative Expenses	0	
	3. Investor Identification:		
	Notice/Publishing Approved Plan	0	
	Claimant Identification	0	
	Claims Processing	0	
	Web Site Maintenance / Call Center	0	
	4. Fund Administrator Bond	0	
	5. Miscellaneous	0	
	6. FAIR Reporting Expenses	0	
	Total Plan Implementation Expenses Not Paid by the Fund		0
Line 15c	Tax Administrator Fees & Bonds Not Paid by the Fund		0
	Total Disbursements for Plan Administration Expenses Not Paid by the Fund		\$0
Line 16	Disbursements to Court / Other Not Paid by the Fund:		
Line 16a	Investment Expenses / CRIS Fees	\$0	
Line 16b	Federal Tax Payments	0	
	Total Disbursements to Court / Other Not Paid by the Fund:		\$0
Line 17	DC & State Tax Payments		\$0
Line 18	Number of Claims:		
Line 18a	Number of Claims Received This Reporting Period		0
Line 18b	Number of Claims Received Since Inception of Fund		0
Line 19	Number of Claimants / Investors:		
Line 18a	Number of Claimants / Investors Paid This Reporting Period		0
Line 18b	Number of Claimants / Investors Paid Since Inception of Fund		0

Receiver:

By:

(signature)

Robert P. Mosier

(printed name)

Date:

1-30-17

STANDARDIZED FUND ACCOUNTING REPORT (CASH BASIS) for
CHRISTOPHER M. LEE aka RASHID K. KHALFANI, et. al.
RECEIVERSHIP; CIVIL COURT DOCKET NO. 8:15-cv-2110-JLS-JCx
REPORTING PERIOD from JUNE 18, 2015 through JANUARY 30, 2018

SCHEDULE 1

LINE 2 BUSINESS INCOME:

RENTAL REVENUE

\$55,961

REFUND of ESCROW DEPOSIT at 4448 ROSE

17,500

TOTAL BUSINESS INCOME

\$73,461

LINE 5 BUSINESS ASSET LIQUIDATION:

			TOTAL GROSS SALES PRICE	MORTGAGES PAID-OFF INCLUDING ACCRUED INTEREST	SALES COMMISS- IONS and AUCTION EXPENSES	REAL and OTHER PROPERTY TAXES	ALL OTHER COSTS	NET REAL ESTATE INCOME
<u>REAL ESTATE SALES:</u>								
1	7830 Elden Avenue	Whittier	\$650,000	\$590,516	\$13,000	\$5,968	0	\$40,516
2	864 West 20th Street	San Bernadino	132,000	76,931	9,600	5,029	45	40,395
3	1200 Wilmington Avenue	Compton	335,500	297,205	18,300	4,921	0	15,075
4	2222 W Garvey Avenue S	West Covina	297,000	0	21,600	21,136	0	254,264
5	1539 Pumalo Street	San Bernadino	1,325,500	750,000	60,250	25,976	2,359	486,915
6	1350 Hollencrest Drive	West Covina	770,000	0	70,000	15,754	0	684,246
7	842 Sheffield Way	Perris	209,000	0	15,200	7,668	0	186,132
8	321 South Enid Avenue	Azusa	354,750	0	25,800	6,797	0	322,153
9	332 Stepney Street	Inglewood	332,266	0	24,165	9,704	0	298,397
10	1208 So. Hollencrest Ave	West Covina	693,000	0	50,400	29,261	0	613,339
11	1452 2nd Street	Simi Valley	341,000	0	24,800	7,232	0	308,968
12	5984 Elmwood Avenue	San Bernadino	165,000	0	12,000	3,923	814	148,263
13	77220 Iroquois Drive	Indian Wells	654,500	0	47,600	16,992	6,055	583,853
14	38125 Camino Sierra Road	Temecula	332,750	0	30,250	19,026	21,562	261,912
15	2136 West 20th Street	Los Angeles	715,000	0	52,000	24,696	3,038	635,265
16	215 Briar Creek Road	Diamond Bar	517,000	0	37,600	3,883	300	475,217
17	2208 Gregory Avenue	Palmdale	165,000	97,795	9,000	2,091	383	55,731
18	2979 West Birch Street	San Bernadino	231,000	136,875	16,800	3,300	0	74,025
19	5591 Rockledge Drive	Buena Park	610,500	0	33,300	2,244	0	574,956
20	3065 Rockford Avenue	San Bernadino	203,500	0	14,800	1,392	270	187,038
21	5221 East Fairlee Court	Anaheim	725,000	0	54,350	6,348	6,300	658,003
22	135 Spinks Canyon Road	Bradbury	850,300	0	46,380	8,476	0	795,444
23	1485 Sea Isle Road	Memphis, TN	32,670	0	2,970	5,898	7,101	16,701
24	228 Pomello	Claremont	1,419,000	894,375	110,355	60,506	12,871	340,893
25	600 Central Ave, #363	Riverside	244,300	200,000	13,195	1,085	1,352	28,668
26	945-947 W. 2nd Street	Rialto	310,000	150,000	9,300	16,675	6,034	127,991
27	1447 E. Pumalo Avenue	San Bernadino	800,000	694,497	24,000	11,281	14,725	55,497
28	9564 Del Mar Avenue	Hesperia	133,000	0	0	2,246	2,250	128,504
29	6926 Eastwood Avenue	Alta Loma	400,000	339,385	12,000	330	7,152	41,133
30	520 N. Valley Center Ave	Glendora	742,500	0	21,000	19,204	9,979	692,317
31	2431 South Seagull Ave	Ontario	375,000	324,315	11,250	1,738	8,418	29,279
TOTAL REAL ESTATE SALES			\$15,066,036	\$4,551,894	\$891,265	\$350,781	\$111,007	9,161,090

LESS PAYMENTS on MORTGAGE LOAN SETTLEMENT AGREEMENTS:

LENDER #1 \$3,238,546

LENDER #2 1,985,000

LENDER #3 150,000

TOTAL MORTGAGE LOAN SETTLEMENT AGREEMENT PAYMENTS

5,373,546

NET REAL ESTATE PROCEEDS after MORTGAGE LOAN SETTLEMENTS

\$3,787,544

STANDARDIZED FUND ACCOUNTING REPORT (CASH BASIS) for
CHRISTOPHER M. LEE aka RASHID K. KHALFANI, et. al.
RECEIVERSHIP; CIVIL COURT DOCKET NO. 8:15-cv-2110-JLS-JCx
REPORTING PERIOD from JUNE 18, 2015 through JANUARY 30, 2018 (continued)

SCHEDULE 1 (continued)

LINE 8	<u>MISCELLANEOUS - OTHER:</u>	TURNOVER of FUNDS from the DEFENDANT	\$155,317
		OTHER RECEIPTS	16,836
		TOTAL MISCELLANEOUS - OTHER RECEIPTS	\$172,153

SCHEDULE 2

LINE 10a	<u>DISBURSEMENTS to RECEIVER or OTHER PROFESSIONALS:</u>			
	RECEIVER	PERMANENT RECEIVER, ROBERT P. MOSIER and ACCOUNTANT & STAFF		\$260,942
	FORENSIC ACCOUNTANTS:	BRANDLIN & ASSOCIATES		45,317
		TOTAL DISBURSEMENTS to RECEIVER or OTHER PROFESSIONALS		\$306,259
LINE 10e	<u>THIRD-PARTY LITIGATION EXPENSES:</u>			
	1. ATTORNEY FEES	DIAMOND McCARTHY LLP (HOURLY FEES & COSTS)		\$208,372
		DIAMOND McCARTHY LLP (CONTINGENT FEES & COSTS)		827,939
		TOTAL HOURLY plus CONTINGENT FEES		\$1,036,311
LINE 10f	<u>TAX ADMINISTRATOR FEE and BONDS:</u>			
	INCOME TAX PREPARER:	LoBUGLIO & SIGMAN, CPA's		\$0

SCHEDULE 3

LINE 10b	<u>BUSINESS ASSET EXPENSES:</u>	REPAIRS & MAINTENANCE	\$74,734
		SUBCONTRACTORS	46,534
		PROPERTY INSURANCE	41,828
		CCB STAFF HOLDOVERS	16,892
		WATER & SEWER	15,456
		LANDSCAPING	13,378
		RENT, MOVING & STORAGE	13,545
		ELECTRICITY	9,429
		TAKEOVER & SECURE PROPERTIES	9,063
		POOL SERVICE / MAINTENANCE	6,279
		PROPERTY MANAGEMENT	3,550
		TRASH	3,270
		ADMINISTRATIVE COSTS	3,100
		GAS	2,689
		HEATING & VENTILATION	2,072
		SECURITY / ALARM SERVICE	1,940
		ADVERTISING & MARKETING (SIGNS)	1,379
		ALL OTHER DISBURSEMENTS	12,161
		TOTAL BUSINESS ASSET EXPENSES	\$277,298

SCHEDULE 4

LINE 14a	<u>CASH & CASH EQUIVALENTS:</u>	NAME of BANK	TYPE of ACCOUNT	ACCT #	BALANCE
		EAST WEST BANK	OPERATING: GENERAL ACCOUNT	... 3480	\$1,852,350
		EAST WEST BANK	OPERATING: 1539 PUMALO	... 4285	486,915
		EAST WEST BANK	OPERATING: 2979 WEST BIRCH	... 4299	74,025
			TOTAL CASH & CASH EQUIVALENTS:		\$2,413,290

EXHIBIT 3

CAPITAL COVE BANCORP, LLC - CLAIMS SUMMARY**CLASS 3: INVESTORS' UNSECURED CLAIMS**

Claim #	Investors	Original Amount Claimed	Total Allowed Claim	Secured Portion of Claim that was Paid	Secured Portion of Claim to be Paid	Unsecured Claims after Paid & to be Paid Items	Amount to be Paid on Claim	Percent of Claim to be Paid
			(a)	(b)	(c)	(d = a-b-c)	(e)	(f) = (e/d)
1	Yu	\$250,000	\$250,000	\$0	\$0	\$250,000	\$32,656	13.062%
2	Agoncillo (Pyrk)	30,000	30,000	0	0	30,000	3,919	13.062%
3	Alcantra	625,000	370,097	0	0	370,097	48,344	13.062%
4	Asante	75,000	75,000	0	0	75,000	9,797	13.062%
5	Avina	140,278	140,278	0	0	140,278	18,324	13.062%
6	Bartley	280,000	280,000	0	7,247	272,753	35,628	13.062%
7	Berniller	150,000	139,250	0	0	139,250	18,189	13.062%
8	Burns	10,000	10,000	0	0	10,000	1,306	13.062%
9	Carrero	105,000	90,330	0	0	90,330	11,799	13.062%
10	Centeno	100,000	309,500	0	0	309,500	40,428	13.062%
11	Cook	150,000	138,750	0	0	138,750	18,124	13.062%
12	Corlis	300,000	295,944	0	0	295,944	38,657	13.062%
13	Costarakis	200,000	150,375	0	0	150,375	19,643	13.062%
14	Divine Property	148,100	148,100	72,447	0	75,653	9,882	13.062%
15	Doezie	650,000	612,501	0	0	612,501	80,007	13.062%
16	Duller	100,000	80,000	0	0	80,000	10,450	13.062%
17	Empire Realty Group	50,000	36,875	0	0	36,875	4,817	13.062%
19	Fellows	250,000	136,875	136,875	0	0	0	0
20	Fintland	50,000	43,125	0	0	43,125	5,633	13.062%
21	Fleschman	180,000	139,475	0	0	139,475	18,219	13.062%
22	Lee Property Group	130,791	100,780	0	0	100,780	13,164	13.062%
23	Gomez	50,000	45,000	0	0	45,000	5,878	13.062%
24	Goosby	20,000	20,000	0	0	20,000	2,612	13.062%
25	Green	49,784	49,375	49,375	0	0	0	0
26	Griffith	100,000	91,000	0	0	91,000	11,887	13.062%
27	Grochowski	30,000	30,000	0	0	30,000	3,919	13.062%
28	Haas	30,000	19,125	0	0	19,125	2,498	13.062%
29	Hackett	100,000	100,000	0	0	100,000	13,062	13.062%
30	Harris	250,000	246,875	0	0	246,875	32,248	13.062%
31	Herrera	67,500	52,500	0	0	52,500	6,858	13.062%
32	Hutts	150,000	138,750	0	0	138,750	18,124	13.062%
33	Jenkins	64,000	43,000	0	0	43,000	5,617	13.062%
34	Johnson	10,000	10,000	0	0	10,000	1,306	13.062%
35	Julien	49,000	29,750	0	0	29,750	3,886	13.062%
36	Kabakibi	180,000	134,550	0	0	134,550	17,575	13.062%
37	Kay	50,000	35,000	0	0	35,000	4,572	13.062%
38	Hope	15,000	15,000	0	0	15,000	1,959	13.062%
39	King	40,400	40,400	0	0	40,400	5,277	13.062%
40	LaTorre	85,000	97,795	97,795	0	0	0	0
41	Lim	50,000	35,000	0	0	35,000	4,572	13.062%
42	Lowe	100,000	87,500	0	0	87,500	11,430	13.062%
43	Martinez	193,093	22,656	0	0	22,656	2,959	13.062%
44	Martinez	6,573,681	1,978,800	39,497	243,458	1,695,845	221,518	13.062%
45	Moreno	530,000	216,124	0	0	216,124	28,231	13.062%
46	Mosqueda	186,958	186,958	0	0	186,958	24,421	13.062%
47	Olson	100,000	85,000	0	0	85,000	11,103	13.062%
48	Ortiz	10,000	8,200	0	0	8,200	1,071	13.062%

(continued)

CAPITAL COVE BANCORP, LLC - CLAIMS SUMMARY

Claim #	Investors' Unsecured Claims (continued)	Original Amount Claimed	Total Allowed Claim	Secured Portion of Claim that was Paid	Secured Portion of Claim to be Paid	Unsecured Claims after Paid & to be Paid Items	Amount to be Paid on Claim	Percent of Claim to be Paid
			(a)	(b)	(c)	(d = a-b-c)	(e)	(f) = (e/d)
(continued)								
49	Pace	15,000	15,000	0	0	15,000	1,959	13.062%
50	Palencia	464,000	433,965	0	0	433,965	56,686	13.062%
51	Pastore	71,000	71,000	0	0	71,000	9,274	13.062%
52	Pitt, Jr.	243,000	221,750	0	0	221,750	28,966	13.062%
53	Pitt, Sr.	100,000	62,500	0	0	62,500	8,164	13.062%
55	Reid	103,575	68,158	0	0	68,158	8,903	13.062%
56	Reynon	46,500	44,175	0	0	44,175	5,770	13.062%
57	Richardson	0	44,780	0	0	44,780	5,849	13.062%
58	Roberts	120,000	124,596	0	0	124,596	16,275	13.062%
59	Roy	500,000	405,000	0	0	405,000	52,903	13.062%
60	Ruiz	250,000	208,336	0	0	208,336	27,214	13.062%
61	Sadayoshi	189,000	189,000	0	0	189,000	24,688	13.062%
62	Shaw	42,500	4,500	0	0	4,500	588	13.062%
63	Silver	25,000	23,125	0	0	23,125	3,021	13.062%
64	Thillman	55,000	55,000	0	0	55,000	7,184	13.062%
65	Thornton	100,000	15,939	0	0	15,939	2,082	13.062%
66	Turner	119,000	115,055	0	0	115,055	15,029	13.062%
67	Vargas	75,000	75,000	0	0	75,000	9,797	13.062%
68	Villegas	15,000	15,000	0	0	15,000	1,959	13.062%
69	Vo	500,000	500,000	0	0	500,000	65,312	13.062%
70	Walker	50,000	50,000	0	0	50,000	6,531	13.062%
71	Wang	200,000	200,000	0	0	200,000	26,125	13.062%
72	Williams	5,600	4,302	0	0	4,302	562	13.062%
73	Winings	150,000	150,000	0	0	150,000	19,594	13.062%
74	Winings	675,000	400,000	200,000	0	200,000	26,125	13.062%
75	Woodson	100,000	0	0	0	0	0	0
76	Yoshikawa	50,000	42,500	0	0	42,500	5,552	13.062%
Unsecured Investor Subtotals		\$17,322,760	\$10,934,293	\$595,989	\$250,705	\$10,087,599	\$1,317,684	13.062%

CLASS 4: TAX CLAIMS

	ENTITY NAMED on CLAIM/TAX STATEMENT	DESCRIPTION of TAX	AMOUNTS per CLAIM / STATEMENTS	Amount to be Paid on Claim
1	Capital Cove Bancorp LLC	EDD (4/1/2012 - 3/31/2016)	\$378,748	\$0
2	Capital Cove International, Inc.	Franchise Tax Board (2012-2015 Taxes)	38,466	0
3	Internal Revenue Service	Late Filing Penalty for FYE 6/30/2015	4,680	0
4	Capital Cove REO Opportunities Fund	Franchise Tax Board (2015 Tax)	250	0
Subtotal for Tax Claims			\$422,144	\$0

CAPITAL COVE BANCORP, LLC - CLAIMS SUMMARY

CLASS 5: NON-INVESTOR CLAIMS

	Claim #	VENDOR	CLAIMS FILED	Amount to be Paid on Claim
1	77	ABS Air Con	\$8,490	\$0
2	78	The Termite Guy	8,070	0
3	79	Maverick RC LLC	102,043	0
4	80	Precision Air Con	250	0
5	81	Robert Half Int'l	17,500	0
6	82	Maria Unkovich	9,435	0
7	83	Brian Silva	1,700	0
8	84	San Gabriel Water	127	0
9	85	San Gabriel Water	110	0
10	86	Thomasina Reed	71,205	0
11	87	Donald Clarke	141,924	0
12	88	Brafton Inc.	36,829	0
13	89	Albert Williams	49,918	0
14	90	Financial Credit Network	1,639	0
Subtotal for Noninvestors			\$449,241	\$0

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EXHIBIT 4

EXHIBIT 5

1 KATHY BAZOIAN PHELPS (State Bar No. 155564)
2 *kphelps@diamondmccarthy.com*
3 DIAMOND MCCARTHY LLP
4 1999 Avenue of the Stars, Suite 1100
5 Los Angeles, California 90067-4402
6 Telephone: (310) 651-2997

Counsel for Robert P. Mosier, Permanent Receiver

7
8 **UNITED STATES DISTRICT COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA**
10 **SOUTHERN DIVISION**

11 SECURITIES AND EXCHANGE
12 COMMISSION,

13 Plaintiff,

14 v.

15
16 CAPITAL COVE BANCORP LLC;
17 CHRISTOPHER M. LEE aka RASHID
18 K. KHALFANI,

19 Defendants
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Case No. CV15-00980-JLS(JCx)

NOTICE OF:

**MOTION TO (1) APPROVE
RECEIVER'S FINAL REPORT AND
ACCOUNT; (2) APPROVE FINAL
DISTRIBUTION PLAN; (3)
ABANDON PROPERTY; (4) CLOSE
THE RECEIVERSHIP; (5)
DISCHARGE THE RECEIVER; AND
(6) AUTHORIZE STORAGE AND
DESTRUCTION OF RECEIVERSHIP
RECORDS**

AND

**SECOND AND FINAL FEE
APPLICATION**

Date: April 13, 2018

Time: 2:30 p.m.

Dept. 10 A

Place: 411 West Fourth Street

Santa Ana, CA 92701-4516

1 PLEASE TAKE NOTICE that on April 13, 2018, at 2:30 p.m., or as soon
2 thereafter as counsel may be heard, in Courtroom 10A of the above-entitled Court,
3 located at 411 West Fourth Street, Room 1053, Santa Ana, California 92701,
4 Receiver Robert P. Mosier (the “Receiver”), the Court-appointed permanent receiver
5 of Capital Cove Bancorp and its subsidiaries and affiliates (collectively, “Capital
6 Cove”), will and hereby does move for an order granting the following relief
7 (“Receivership Closing Motion”):

8 1. Approving the Receiver's Final Report and Accounting, a copy of which
9 is attached to the Motion as Exhibit “1”;

10 2. Approving the Receiver’s Distribution Plan attached to the Motion as
11 Exhibit “3, which proposes to distribute approximately \$1,317,684 to the allowed
12 Investor claims following payment of administrative and secured claims;

13 3. Authorizing the Receiver to turn over to the California Department of
14 Financial Services Bureau of Unclaimed Property those distributions to claimants
15 which are not negotiated within sixty (60) days of the date of issuance of the check;

16 4. Authorizing abandonment of the remaining nominal assets;

17 5. Authorizing the Receiver to take all steps necessary or appropriate to
18 complete the administration of the Receivership and its assets;

19 6. Authorizing the Receiver to retain the books and records necessary to
20 support the tax returns filed by the Receiver for a period of five (5) years and
21 thereafter destroy those books and records and computer equipment, other computer
22 related-devices, and other items related to the Receivership in the Receiver's
23 discretion and at such time as he deems proper;

24 7. Discharging the Receiver and his agents, employees, members, officers,
25 independent contractors, attorneys, representatives, predecessors, successors and
26 assignees, and relieving them of all duties, liabilities and responsibilities pertaining
27 to the Receivership;
28

8. Enjoining all persons from commencing or prosecuting, without leave of this Court, any action against the Receiver or his agents in connection with or arising out of the Receiver's or his agents' services to this Court in this Receivership;

9. Retaining jurisdiction for the purpose of (a) implementing and enforcing the provisions of the order on the Receivership Closing Motion, including but not limited to for the purpose of enforcing the above injunctive relief; and (b) reopening the case to administer any subsequently obtained assets;

10. Closing this Receivership.

The estimated fees and costs set forth in the Second and Final Fee Application are fair and reasonable and are summarized as follows:

Previous Fee Award and Holdbacks

The Receiver has already paid Court-approved professional fees and costs in the total amount of \$514,631.30 as follows:

Professional	Fees Paid	Expenses Paid	Holdback
Receiver	\$145,441.45	\$5,412.84	\$62,332.05
Mosier & Co	\$97,259.93		\$41,682.82
Mosier & Co. (litigation cost)	\$12,827.50		
Diamond McCarthy LLP ¹	\$183,686.95	\$24,685.30	\$78,722.98
Brandlin & Associates	\$45,317.33		
Totals:	\$484,533.16	\$30,098.14	\$182,737.85

Current Fee Request

The accrued fees and costs of the professionals incurred during the reporting period of January 1, 2016 through the close of the case, are as follows:

Professional	Fees Incurred	Reserve	Costs	Total Requested
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¹ Diamond McCarthy has also been paid contingency fees of \$805,623.68 and reimbursed costs in the contingency litigation of \$22,314.99 which were paid directly from the funds generated as a result of that litigation and which were approved by the Court.

1	Receiver	\$129,077.61		\$3,737.67	\$132,815.28
2	Mosier & Company Inc.	\$144,655.50		\$0	\$144,655.50
3	Diamond McCarthy LLP	\$314,461.60	\$6,500	\$28,756.70	\$349,718.30
4	LoBuglio & Sigman	\$29,623.05	\$5,000	\$352.09	\$34,975.14
5	Total Requested	\$617,817.76		\$32,846.46	\$662,164.22

6
7 Therefore, the total additional amounts to be paid to all professionals for fees,
8 inclusive of prior holdbacks of \$182,737.85, is \$800,203.52, reimbursement of
9 costs of \$32,846.46, and reserves of \$11,500, for a total of \$844,902.06 to be set
10 aside for administrative fees.

11 The Receiver has posted this Notice as well as the Receivership Closing
12 Motion and the Second and Final Fee Application on his website at
13 cloud.mosierco.com, Username: CapitalCove, Password: investor.

14 PLEASE TAKE FURTHER NOTICE that pursuant to Local Rule 7-9, any
15 party who opposes the Motion must, not later than 21 days before the date of the
16 hearing on the motion, serve upon all other parties and file with the Clerk at 411 W.
17 Fourth Street, Santa Ana, California 92701, either (a) the evidence upon which the
18 opposing party will rely in opposition to the motion and a brief but complete
19 memorandum which shall contain a statement of all the reasons in opposition thereto
20 and the points and authorities upon which the opposing party will rely, or (b) a
21 written statement that that party will not oppose the motion. Evidence presented in
22 all opposing papers shall comply with the requirements of L.R. 7-6, 7-7 and 7-8.

23 DATED: February 20 , 2018

24 DIAMOND McCARTHY LLP
25 By: /s/ Kathy Bazoian Phelps
26 Kathy Bazoian Phelps
27 Counsel for Robert P. Mosier
28 Permanent Receiver